IDEAS ON LIBERTY

July/August 2003 Vol. 53, No. 7

FEATURES

6 The Scapegoat Utility Vehicle *by Sam Kazman*

10 Chemical Hysteria and Environmental Politics *by Doug Bandow*

15 Washington's Centrally Planned Heating and Cooling *by Michael Heberling*

19 Clarence B. Carson, R.I.P. *by Paul A. Cleveland*

21 A Carson Sampler

25 "Planned Chaos": Industrial Waste Recycling in Communist Economies *by Pierre Desrochers*

30 Law and Property: The Best Hope for Liberty? *by Norman Barry*

34 Yes or No to the Euro? *by Karl Sigfrid*

38 The Economics of Smoking Bans *by Arthur E. Foulkes*

Clarence B. Carson

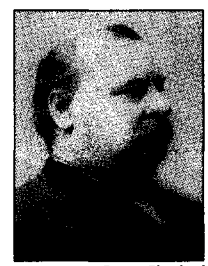
COLUMNS

13 *IDEAS and CONSEQUENCES*—Lessons from the First Airplane *by Lawrence W. Reed*

28 *THE THERAPEUTIC STATE*—Unequal Justice for All *by Thomas Szasz*

36 *OUR ECONOMIC PAST*—Why Grover Cleveland Vetoed the Texas Seed Bill *by Robert Higgs*

47 *THE PURSUIT of HAPPINESS*—Average Americans versus Environmentalists *by Walter E. Williams*



Grover Cleveland

DEPARTMENTS

2 Perspective—Boycott the Boycott *by Sheldon Richman*

4 Free Trade Has Been Refuted? It Just Ain't So! *by George C. Leef*

42 Book Reviews

Diversity: The Invention of a Concept by Peter Wood, reviewed by George C. Leef; **Worlds Together, Worlds Apart: A History of the Modern World from the Mongol Empire to the Present** by Robert L. Tignor, et al., reviewed by Andrew Cline; **What's So Great About America** by Dinesh D'Souza, reviewed by Jim Peron; **The Big Problem of Small Change** by Thomas J. Sargent and François R. Velde, reviewed by Robert E. Wright.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY

Published by
The Foundation for Economic Education
Irvington-on-Hudson, NY 10533
Phone: (800) 960-4FEE; (914) 591-7230
Fax: (914) 591-8910; E-mail: iol@fee.org
FEE Home Page: www.fee.org

President: Richard M. Ebeling
Executive Director: Stefan Spath
Editor: Sheldon Richman
Managing Editor: Beth A. Hoffman

Editor Emeritus
Paul L. Poirot

Book Review Editor
George C. Leef

Intern
Jessica Schroeder

Columnists
Charles W. Baird
Donald J. Boudreaux
Stephen Davies
Burton W. Folsom, Jr.
Robert Higgs
Lawrence W. Reed
Russell Roberts
Thomas Szasz
Walter E. Williams

Contributing Editors
Doug Bandow
Norman Barry
Peter J. Boettke
Thomas J. DiLorenzo
Joseph S. Fulda
Bettina Bien Greaves
John Hospers
Raymond J. Keating
Daniel B. Klein
Dwight R. Lee
Wendy McElroy
Tibor R. Machan
Andrew P. Morriss
Ronald Nash
Edmund A. Opitz
James L. Payne
William H. Peterson
Jane S. Shaw
Richard H. Timberlake
Lawrence H. White

Foundation for Economic Education
Board of Trustees, 2003–2004

David Humphreys
Chairman

Paige K. Moore
Secretary

Frederick C. Foote
Vice Chairman

Dan Grossman
Treasurer

Henry M. Bonner
Lloyd Buchanan
Walter LeCroy
Roy Marden
Kris A. Mauren
Jane M. Orient, M.D.
Tom G. Palmer
Andrea Millen Rich
Sally von Behren
Guillermo M. Yeatts

Ideas on Liberty (formerly *The Freeman: Ideas on Liberty*) is published by The Foundation for Economic Education, Inc., Irvington-on-Hudson, NY 10533. FEE, established in 1946 by Leonard E. Read, is a non-political, educational champion of private property, the free market, and limited government. FEE is classified as a 26 USC 501(c)(3) tax-exempt organization.

Copyright © 2003 by The Foundation for Economic Education. Permission is granted to reprint any article in this issue, provided credit is given and two copies of the reprinted material are sent to FEE.

The costs of Foundation projects and services are met through donations, which are invited in any amount. Donors of $39.00 or more receive a subscription to *Ideas on Liberty*. For delivery outside the United States: $54.00 to Canada; $64.00 to all other countries. Student subscriptions are $10.00 for the nine-month academic year; $5.00 per semester. Additional copies of this issue of *Ideas on Liberty* are $4.00 each.

Bound volumes of *The Freeman* and *Ideas on Liberty* are available from The Foundation for calendar years 1972 to 2001. The magazine is available in microform from University Microfilms, 300 N. Zeeb Rd., Ann Arbor, MI 48106.

PERSPECTIVE

Boycott the Boycott

The end of the war in Iraq did not bring an end to efforts to organize a boycott against French wine and other products. Pushed by a few high-profile radio and television personalities, the wished-for boycott is intended as "payback" for France's opposition to the war.

This is silly—no, it's worse than that. It's an idea fraught with danger.

That's clear from the way the boycotters talk. *France* didn't do anything with respect to the war. "France" and "the French people" are abstractions. Neither one can take actions. It is certainly true that French President Jacques Chirac opposed the war apparently for the wrong reasons—perhaps to preserve oil and weapons contracts with the abominable Hussein regime. French governments have not generally demonstrated a commitment to the principle of nonintervention in other countries. (See their record in Africa.)

But that's the French government, *not* the French people. The U.S. war planners said they went to great lengths to distinguish the Iraqi regime from the Iraqi people. Why then can't the boycotters distinguish the French regime from the French people? A boycott against French products may be intended to "send a signal" to the French government. But it won't hurt the government; it will hurt French producers. If we are concerned about French anti-Americanism, it is hardly wise to antagonize the very people in France who strive to satisfy American consumers.

Moreover, a successful boycott might strengthen the French government by providing a "crisis" for it to respond to. We all know what governments do in crises: they *grow*. Trade restrictions on American products could be the outcome.

There's a more fundamental reason to avoid this boycott. It politicizes trade. Heaven knows there is little that escapes the grip of politics these days. The last thing we need is trade pushed further into the political arena.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Free exchange does more than benefit the immediate parties. It encourages the peaceful social cooperation and division of labor that make us prosperous. The great thing about free trade (as opposed to state-managed trade) is that it enables people to deal directly with one another, outside the control of governments. De-politicizing human relations is good because governments are destructive of social cooperation. Anything they do entails the use of force against peaceful, productive people. In countless ways governments stifle enterprise and trade, and generate envy and resentment. Trade is positive-sum: all parties benefit. Government is at best zero-sum: one person's gain is another person's loss. Governments can't give anyone anything without first taking it from someone else.

True, a consumer boycott would be a voluntary, non-state affair. But aside from the reasons already stated, there's another reason to be wary of the boycott. As we can see, many people fail to distinguish between private and state action. A boycott could easily turn into a movement for trade restrictions. Special interests would have little trouble finding politicians to exploit the anti-French sentiment.

Boycotters: Let it go.

* * *

Nothing has been more demonized than the sports utility vehicle. It's even been associated with terrorism. But Sam Kazman says you can drive one with a clear conscience.

Some chemicals are good, and some are bad. Yet the attitude of many environmentalists betrays a wish to do something more than simply protect people from the dangerous ones. Doug Bandow reports.

The federal standards-writers are at it again. The toilet and television weren't enough. So get ready, Michael Heberling says, for government-approved heaters and air conditioners.

We were saddened to learn of the loss in April of a prolific scholar long associated with FEE, Clarence Carson. Paul Cleveland provides a tribute to the man and his career. It is followed by excerpts from three of Carson's many articles for this publication.

One school of thought says that only the government can intelligently turn industrial byproducts into usable resources. Pierre Desrochers notes that where this has been tried the results have been unimpressive.

Which is more likely to protect property rights better: the common law or a formal legal code? Norman Barry was surprised by the answer.

Advocates of the euro make extravagant claims about the new European currency. Karl Sigfrid puts those claims to the test.

Smoking bans are spreading like wildfire, and proponents insist they are good for local economies. Arthur Foulkes shows how bad economics can lead to that conclusion.

Here's what our columnists have been working on: Lawrence Reed observes the centennial of the Wright Brothers' first flight. Thomas Szasz finds that enforcement of the drug laws is rigged against "unimportant" people. Robert Higgs praises the last classical-liberal U.S. president. Walter Williams finds environmental activists different from the rest of us. And George Leef, perusing alleged refutations of free-trade doctrine, replies, "It Just Ain't So!"

In the book department, our reviewers have been looking over volumes on diversity, the modern world, the greatness of America, and small change.

—SHELDON RICHMAN

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

Free Trade Has Been Refuted?

It Just Ain't So!

Perhaps the most settled of all economic propositions is that coercive interference with peaceful exchange is detrimental. Yet we often hear groups that want to stifle trade for their own benefit claim that some statistic or argument proves that free trade is a bad policy in general and that protectionism is good for the country.

A case in point is an organization called Crafted With Pride (www.craftedwithpride.org) and its magazine ad titled "Free Trade's Hidden Price." Crafted With Pride has opposed free international trade in textiles and apparel since 1984. It recently expanded its scope to all manufacturing.

The ad's first sentence throws down the gauntlet: "The debate as to whether 'free trade' or 'protectionism' most benefits the people of the United States is resolved." Well, yes—that debate was resolved about two centuries ago, in favor of freedom. The Crafted With Pride people, however, want readers to believe that the question has just been settled in favor of protectionism. Have centuries of economic analysis on the effects of trade interference been swept away? Hardly.

"During the nearly two centuries that the United States defended its industries against predatory foreign trade practices and its workers against penny-wage foreign labor competition, the American economy grew vigorously, workers' income rose steadily, and the US produced virtually everything needed for our national defense." Thus begins the case that protectionism is good. We used to practice it, and the economy grew wonderfully while we did. Therefore it's a good policy.

It's true that the United States had relatively high tariffs on many items of commerce during the nineteenth century. It's also true that the economy grew rapidly throughout most of that century. It does not, however, follow that the economic growth was *caused by* the high tariffs. Drawing that conclusion is to commit the logical fallacy known as *post hoc ergo propter hoc* ("after that, therefore because of that").

The great success of the American economy in the nineteenth century is attributable to several factors. Except for the tariffs, taxes were very low. Furthermore, government kept its hands off business and commerce, in contrast with Europe where governments propped up numerous monopolies and guilds that interfered with market processes. The laissez-faire conditions in America lured great amounts of European capital and labor. Investors provided the financing for factories and railroads, while millions of people immigrated to America for the far greater opportunities for self-improvement to be found here.

Moreover, the tariffs didn't stop foreign trade. They merely made goods manufactured abroad more costly to Americans. As high as they were, the early tariffs weren't primarily intended as protective, competition-killing measures, but merely as revenue producers. They were by far the largest source of federal revenue during that era, which means trade was robust. (There were some exceptions from 1824 to 1833.)

Thus the economy grew not because of high tariffs, but *in spite of them.*

The ad goes on to state that the supposed "good old days" of protective tariffs have been replaced with the horror of free trade. Consequently, we have been witnessing "the liquidation of the American economy." That statement is preposterous hyperbole. A few hopelessly uncompetitive firms have gone out of business, such as old-line steel mills around Pittsburgh, but in our current regime of relatively free trade, the U.S. economy has

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

grown dramatically. Crafted With Pride laments the "loss of our best jobs," but why cry over the elimination of some $50,000-per-year steel mill jobs when new $75,000-per-year jobs are being created in many new industries?

There is an answer to that question, though. Someone might complain about the loss of old jobs due to "predatory" competition if he feared that his own job or company might be next. Crafted With Pride's talk about pursuing the policy that's "best for America" is a smokescreen for its supporters' manufacturing interests. When such groups rail against free trade, they mean that they don't want it *in markets in which they sell.* But business and labor groups don't want to give up the benefits of free trade in markets in which they *buy.* A textile maker who favors restrictions on his foreign competition *opposes* them on the foreign-made machines he needs in his business. Likewise, steelmakers seek high tariffs to keep out imported steel, but want competitive markets for the materials they need in their business. Textile and steel workers harangue against foreign competition, but often drive cars and watch televisions made in other nations. They wouldn't want the high prices and lower quality that would come from shutting down foreign trade in those markets.

But what about the fearsome "trade deficit"? The Crafted With Pride ad tells us that "the arithmetic of U.S. trade is brutal." Last year, "we" had a trade deficit of almost one-half trillion dollars!

Useless Statistics

Trade statistics are among the most useless and misleading of all government statistics. That is because "the United States" doesn't trade at all. What is called "our" trade deficit (or surplus) is a composite of millions of individual exchanges between Americans and people in other countries. Each of those exchanges has a willing buyer and a willing seller. According to the protectionists, it's a grave national problem if the value of goods coming into the United States exceeds the value of goods shipped out during some period of time. They refer to it as "our" trade deficit and make it sound ominous. It isn't.

Perhaps an example will clarify the point. Let's say that we have two towns, Smithville and Jonesville. Sometimes Smithvillers drive to Jonesville to make purchases there; sometimes the reverse happens. Each time the parties to the exchanges are happy. Then an official on the Smithville Town Council, deciding that it needs data on all trade between the towns' residents, requires all local merchants to record all sales to Jonesville residents. Likewise, Smithville residents are required to report all purchases they make in Jonesville. After a year, the Council does the arithmetic and discovers that "the town" had a trade deficit with Jonesville: "Smithville" only sold $100,000 worth of goods to "Jonesville," but purchased $150,000.

Smithville has a trade deficit with Jonesville. But so what? No one is hurt by it. What *would* hurt would be any kind of governmental measure to bring trade into "balance" by interfering with the preferred shopping arrangements of the people.

Most Americans, if confronted with the fact that "they" (meaning the towns, counties, or states they live in) have trade deficits with other places in America, would shrug and say, "Who cares?" The protectionists bank on people not having that good sense when the "deficits" are with other countries. But whether products cross town lines or international lines is irrelevant. The only balance anyone needs to worry about is the balance in his own checkbook.

—George C. Leef
Book Review Editor
Ideas on Liberty

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

The Scapegoat Utility Vehicle

by Sam Kazman

First sin, then treason, and finally, reckless idiocy.

For owners of sports utility vehicles (SUVs), that pretty much sums up the last holiday season. They went into Thanksgiving under fire from the "What Would Jesus Drive?" campaign. Then the New Year started with Arianna Huffington's charge that they were aiding Osama bin Laden. To top it off, in late January the head of the National Highway Traffic Safety Administration (NHTSA) declared that SUVs were simply too deadly for his children.

The media, of course, ate it up. In part, that was a healthy sign that there was nothing *really* important to report. But beyond their amusement value, these campaigns had some very real objectives: raising the federal government's fuel-economy standards, encouraging congressional legislation, and sticking some new voodoo pins into the demonized doll of automobility.

Attacks on the SUV are nothing new. Prior to last fall, environmentalist organizations regularly decried their gas-guzzling nature and their contribution to the alleged threat of global warming. Self-proclaimed consumer-safety groups claimed they were dangerous to those who rode in them and to those who rode near them, citing rollovers and the Firestone-tire fiasco. Photos of subcompacts demolished by intact SUVs became a news favorite, despite the relative rarity of such occurrences. In September a book by *New York Times* reporter Keith Bradsher, *High and Mighty*, labeled them "the world's most dangerous vehicles."

But the attacks seemed to change in November, when the "What Would Jesus Drive?" (WWJD) campaign hit the big time. The Evangelical Environmental Network brought a convoy of electric hybrid cars to Detroit, where its spokesmen met with top Ford and GM executives to urge increased production of more fuel-efficient vehicles. The Network claimed that "the Risen Lord Jesus is concerned about the kinds of cars we drive because they affect his people and his creation." The industry responded that it preferred to leave its purchasing decisions to consumers. That, apparently, was not a satisfactory answer.

The WWJD event was widely covered, though its most noteworthy impact was to stimulate jokes. But the campaign's attempt to inject theology into the SUV debate created a curious paradox. Here were people concerned with issues of morality and ethics, and yet they were absolutely mum about the fact that the program they wanted to tighten had already been found lethal.

The program is CAFE, shorthand for Corporate Average Fuel Economy. CAFE was enacted in 1975 in response to the Middle East oil shocks and was aimed at increasing

Sam Kazman (skazman@cei.org) is general counsel of the Competitive Enterprise Institute (www.cei.org), a Washington-based free-market advocacy organization.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the fuel economy of new cars and trucks. NHTSA, a unit of the U.S. Department of Transportation, was authorized to establish a series of minimum mile-per-gallon standards that each car maker had to meet in terms of yearly vehicle sales. Not every car sold had to meet this standard; a company's sales of large cars that were below the standard could be offset by sales of highly efficient small cars, and credits for exceeding the standard in one year could be applied to future production. The current CAFE standard is 27.5 mpg for passenger cars and 20.7 mpg for light trucks, a category that includes pickups, vans, and SUVs. On March 31, NHTSA announced that the light-truck standard, unchanged since model year 1996, would be raised to 22.2 mpg by 2007.

CAFE has been subject to a number of critiques. There's considerable dispute over whether CAFE actually reduces fuel consumption. By forcing new technologies into vehicles quickly, CAFE raises new-car prices, encouraging many people to hold on to their older, less fuel-efficient cars longer. Moreover, when people have more fuel-efficient vehicles they tend to drive more, since each mile costs less in gasoline.

There's also the old-fashioned notion that people should be able to buy the vehicles they want, and drive them as much as they want, without government interference. Unfortunately, this argument carries less and less weight in Washington.

CAFE Kills

But perhaps the most interesting critique is that CAFE kills people by causing vehicles to be "downsized." Larger, heavier cars are less fuel efficient than similarly equipped smaller, lighter cars, but they also tend to be more crashworthy in practically every collision mode. They have more mass to absorb energy forces, more interior space in which their occupants can decelerate, and more momentum, which reduces the severity of their deceleration in accidents. As a result, occupant death rates for small cars are generally higher than those of large cars, sometimes by a factor of four or more.

It's true that new technologies can improve both safety and fuel economy for small and large cars alike. Nonetheless, no matter what new technologies are developed, CAFE will still impose a blood-for-oil tradeoff. Take the most technologically advanced car imaginable, and then add a hundred pounds to it. Two things will happen—that new car will become less fuel efficient, and it will become crashworthier. In short, even with advanced technologies we still have to choose, at a certain point, between more safety and more fuel economy.

You might think that NHTSA, as an agency whose middle name is safety, would have been extra careful to publicize CAFE's lethal effects. In fact, it did exactly the opposite, taking the position through most of the 1980s that CAFE had no real impact on safety.

The Competitive Enterprise Institute (CEI) and Consumer Alert sued NHTSA, and in 1992 they won a federal appellate-court ruling that NHTSA's treatment of the CAFE-safety issue was so arbitrary as to be illegal. In the court's words, NHTSA had used a combination of "fudged analysis," "statistical legerdemain," and "bureaucratic mumbo-jumbo" to duck the issue. The agency was ordered to reconsider its position.

NHTSA took over a year to come up with a new rationale for why CAFE was harmless. CEI and Consumer Alert sued again, and this time the agency won, though the court noted that it found NHTSA's approach "troubling." Given the high degree of deference that government agencies receive in court, that was a good indicator that NHTSA was still fudging things.

In 2001, however, any doubts about CAFE's lethal effects should have been put to rest by a National Academy of Sciences study of the program.* The study concluded that CAFE's downsizing effect probably con-

*National Research Council (National Academy of Sciences), *Effectiveness and Impact of Corporate Average Fuel Economy (CAFE) Standards* (Washington, D.C.: National Academy Press, 2002). See Finding 2 at http://books.nap.edu/books/0309076013/html/3.html#pagetop.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tributed to between 1,300 and 2,600 traffic deaths annually. Given that CAFE has been in full force for more than a decade, that is one staggering sum.

The National Academy's safety findings, however, were not widely reported. Instead, the press focused mostly on the study's far more tentative conclusion that new technologies, if introduced carefully, would enable the auto industry to meet moderately higher CAFE standards without additional downsizing. In effect, CAFE advocates were able to spin the study as a "blueprint" for raising CAFE, and the public continued to remain uninformed about its human costs.

The "What Would Jesus Drive?" campaign did nothing to enlighten them. When it came to acknowledging CAFE's risks, the WWJD organizers were no better than NHTSA. For all their talk about concern for God's creation, they never even hinted that their demand for higher CAFE standards might put people at risk. To do so would have destroyed the moralistic nature of the campaign. While the safety issue had been ignored in the past by CAFE advocates, its treatment by the WWJD campaign reached a new level of dishonesty.

In early January 2003 the anti-SUV campaign embraced a new issue—national security. Erstwhile conservative celebrity Arianna Huffington and her Detroit Project released a series of television spots claiming that owning an SUV was tantamount to funding terrorism.

The ads had superb production values; no surprise, given the Hollywood crowd that was helping her. They were also nonsense—elitist nonsense, to be precise. Here we had a jet-setting celebrity criticizing the vehicles bought by people who had barely a fraction of her wealth. If she was concerned about our use of Middle East oil, then shouldn't she be advocating opening up the Alaskan National Wildlife Refuge to oil drilling? If her concern was our use of any oil, then shouldn't she set an example by taking a vow of petroleum abstinence, perhaps, eschewing oil-fueled limos and planes? And if Huffington was serious, then why focus on the types of vehicles we own rather than on the amount of driving we do?

The answer, of course, is that the SUV is so easy to demonize. SUV has come to stand for Scapegoat Utility Vehicle.

While Huffington's campaign was new, her sentiments, in at least one sense, were not. Changes in mobility have often upset elites. In the early 1800s, when railroads first began to spread across Great Britain, the Duke of Wellington reportedly sneered that they would "only encourage the common people to move about needlessly." Today the concern isn't commoners in railroads, but commoners with four-wheel drive.

NHTSA Re-Enters the Fray

Several weeks after the launch of the Detroit Project, Jeffrey Runge, head of NHTSA, attacked SUVs as being incredibly unsafe, declaring that he wouldn't let his daughter ride in one "if it was the last one on earth." While Runge, a medical doctor, later backtracked at a congressional hearing, his latter remarks were dismissed by many as a bureaucrat's buckling to White House pressure. The real story, supposedly, was that the dangers of SUVs had been acknowledged by the head of the nation's traffic-safety agency, speaking from the heart.

But Dr. Runge, of all people, should have known that focusing on the rollover risk of the SUV misses the real point, which is overall vehicle safety. Because of their higher center of gravity, SUVs do have a higher rollover risk than cars, and some models may be especially bad. But the real measure of a vehicle's safety is not how it performs in one particular crash mode, but how it does overall. Probably the best indicator of this is a vehicle's occupant death rate, since that is based on all types of accidents represented according to their frequency. Occupant death rates may themselves need some adjusting, to reflect such things as differing driver demographics, but they nonetheless are a basic means by which to compare vehicles.

The data in the National Academy's CAFE study indicated that, in fact, cars and SUVs are practically identical when it comes

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to overall safety. In terms of occupant deaths per million registered vehicles, cars had an overall death rate of 138, while the SUV rate was 140—a negligible difference. Despite everything we've heard about SUV rollovers and tire blow-outs, the NAS data show no real difference.

In both categories, moreover, the occupant death rate improved as size and weight increased, demonstrating yet again the lethal effects of downsizing. The most dangerous vehicles were mini-cars, with a death rate of 249. The safest were the largest SUV models, those above 5,000 pounds, with a rate of 92. Dr. Runge has yet to condemn mini-cars or praise large SUVs. What could be more politically incorrect?

Some SUV critics argue that while the vehicles may be safe for their occupants, they are unsafe for the people in the cars that are struck by them. This issue of vehicle incompatibility is complex, however, and it is questionable whether downsizing SUVs would produce enough benefits for car occupants to offset the dangers that it would pose to SUV owners. (Single-vehicle crashes account for half of all occupant deaths, and in those cases more mass greatly protects occupants while posing no risks to outsiders.) Moreover, the same argument could be used to downsize large cars in order to protect small-car occupants, or to downsize all cars in order to protect motorcyclists. If overall "social safety" were the criterion, the best approach would be to simply get rid of CAFE, which currently restricts the extent to which any car can be upsized and made safer.

But of course if safety were the criterion, we would never have had CAFE at all. At a minimum, it would have been hastily repealed after the National Academy report.

Appealing SUVs

The real issue in the anti-SUV campaign is lifestyle. SUVs have become popular because many people find them incredibly useful and appealing. They offer the passenger and cargo capacity that many downsized vehicles no longer have. (The old-fashioned full-sized family station wagon is practically extinct, due in large part to CAFE.) SUVs offer towing capability, a rarity in fuel-efficient front-wheel drive cars. They offer good sightlines, and maneuverability in bad weather and on bad roads—traits that even *Consumer Reports* admits are valuable. Their height makes them exceptionally comfortable for people who have trouble climbing up out of cars, since in an SUV you climb down. They offer security from smash-and-grab attacks while idling in traffic. They give us the ability to transport not only our kids but also our neighbors' kids, together with our bikes and dogs and baby carriages. And in snow emergencies, they're the ones called on to ferry hospital staffs and emergency supplies.

There's no denying that SUVs do have a certain natural irritation factor, such as the visibility problems they can cause for car drivers. But this hardly accounts for the venomous nature of the attacks. Something else is at work here. Perhaps it's the fact that SUVs are such an unmistakable sign of human abundance, of other people living their lives, having kids, buying things, going places, *utilizing resources.*

That never used to bother too many people, but it probably did bother the Duke of Wellington. Now it bothers the Duchess of Huffington. And thanks to our economic growth since the 1800s, her minions are unfortunately far more plentiful than were the Duke's. □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

Chemical Hysteria and Environmental Politics

by Doug Bandow

Chemicals are one of the wonders of human creation. They help heal and feed us; they help fuel our autos and heat our homes; they help produce toys and computers. Yet some chemicals can hurt, making them a perfect target for alarmists who detest most anything modern.

There's no doubt that chemicals have become an integral part of our lives. The Centers for Disease Control (CDC) has released its latest "National Report on Human Exposure to Environmental Chemicals," which reviewed Americans' exposure to 116 different substances. The study confirms that most people have contact with a plethora of chemicals.

Yet this conclusion reflects the dramatic advances in bio-monitoring: scientists are now capable of detecting the minutest trace of different substances in human beings. Researchers measure concentrations of a thousandth, millionth, and billionth parts.

This enables us to better understand our environment, assess chemical exposure, and understand risks. But it also provides a tool for alarmists, who conveniently ignore actual contact levels when claiming an epidemic of chemical exposure.

At a time when many people fear for their lives, the CDC found much good news. Exposure to lead, which is particularly harmful to the development of children, and cotinine, a tobacco residue, is down.

Moreover, exposure levels to some of the most toxic chemicals were extraordinarily low. Reported the CDC: "For dioxin, furans and coplanar PCBs, most people in the Second Report had levels that were below what the analytic method could detect."

Even the bad news was bad mainly relative to overall successes. For instance, during the 1990s cotinine exposure dropped 55 percent for teens, 58 percent for kids, and 75 percent for adults; yet today the exposure of black children remains disproportionately high.

Alas, good news does not dampen the alarmist impulse in some people. The Environmental Working Group (EWG) conducted its own study and found an average of "91 industrial compounds, pollutants, and other chemicals" in the nine volunteers studied. All told, the EWG reported 167 different chemicals, many of which, it claimed, caused cancer, birth defects, or other harms. The result was a significant "body burden," as the group put it.

But this is fear-mongering at its misleading worst. Simple exposure demonstrates nothing. As the CDC explained: "Just because people have an environmental chemical in their blood or urine does not mean that the chemical causes disease."

This is the case even for substances known to be capable of causing harm. Observes

---

Contributing editor Doug Bandow, a nationally syndicated columnist, is a senior fellow at the Cato Institute and the author and editor of several books.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Elizabeth Whelan, president of the American Council on Science and Health (ASCH), people "should remember the basic tenet of toxicology—the dose makes the poison." Almost anything can prove toxic if ingested in a high-enough concentration, one vastly above the levels faced by even the most at-risk person.

Yet animal tests not only rely on huge dosage levels, but also can fall afoul of the substantial differences between rodents and primates. In many cases absorption rates and hormonal reactions, which vary among creatures, matter far more than exposure levels.

Todd Seavey of ACSH argues, "Thanks to the CDC report, we're now more certain than ever that the synthetic chemical amounts we are routinely subjected to are trivial. We ought to feel safer than ever."

Another argument has been advanced by groups like the Collaborative on Health and the Environment (CHE), an umbrella group for the most active alarmists. It claims that multiple chemical exposure can be harmful—indeed, that chemicals are currently hurting one-third of the population. CHE is aided by the PR firm Fenton Communications, which specializes in turning junk science into newspaper headlines.

It's an attractive argument for the scientifically uninformed, but it fails the basic test of evidence. As Steven Milloy, publisher of JunkScience.Com, points out: "Despite more than 40 years and countless billions of dollars of research, no credible scientific evidence exists to link typical exposures to chemicals in the environment with disease."

Indeed, though our theoretical exposure to chemicals has increased dramatically over the last half century, actual chemical contamination of the environment has been falling. And we are living longer and healthier lives than ever. Apparently the human body is able to bear the alleged chemical burden.

Children at Risk?

What of children? People naturally worry about the impact on youthful development, but ACSH warns, "We are at a juncture where emotion, fear, and uncertainty compete with scientific data, toxicological principles, and principles of risk analysis." In fact, ACSH reports in a new book, *Are Children More Vulnerable to Environmental Chemicals?*, "There is little toxicological evidence to support the premise that children are consistently more susceptible to environmental chemicals than adults."

Where there is a problem, as with lead and PCBs, kids need to be protected. But parents need not live in fear of a world that is actually getting safer and healthier day by day. And they need to be aware of what ACSH warns as a "disturbing pattern in which activists with a nonscience agenda manipulate the public's legitimate and appropriate concern for children's health in an effort to promote legislation, litigation, and regulation."

This is the fundamental problem. Alarmist groups with radical political agendas are ever-ready to manipulate science to promote their own ends. A particularly apt example is the case of acrylamide, a chemical coagulant used in drinking water, wastewater treatment, and tunnel construction. In April 2002 the Swedish National Food Administration and researchers at Stockholm University held a press conference announcing that disturbingly high levels of acrylamide had been found in food.

The revelation set off a media sensation around the world. French fries and potato chips cause cancer! California environmental activists sued snack-food makers and fast-food restaurants to warn customers that their products included a chemical "known to the State of California to cause cancer."

Acrylamide is formed naturally in the cooking of many foods. It appears to cause cancer in rodents fed exceptionally high doses. In fact, in this case the doses not only well-exceeded human consumption, but they also may have exceeded medically tolerable levels for mice, since more died from other causes than from cancer.

Moreover, extrapolating such results to humans is always problematic: genetic differences between rodents and primates often result in different metabolic reactions to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

chemicals. Dr. Joseph Rosen of Rutgers University observes: "There is substantial evidence that the rodent studies may not be accurately predicting relevance to human health."

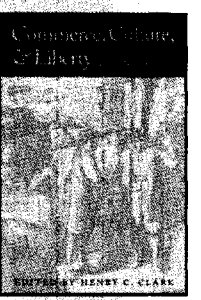
Last January the *British Journal of Cancer* published a study announcing that there was no apparent link between acrylamide in food and cancer. One British newspaper headline trumpeted: "Crisps Do Not Cause Cancer!" A Swedish paper went onto suggest that acrylamide in food might actually reduce cancer risks.

Obviously, some substances do cause cancer, and evidence of carcinogenic properties requires investigation. But as Waldemar Ingdahl puts it, "Publication by press conference is not good scientific publishing," especially when there is a transparent political agenda. Constantly crying wolf will make it harder to deal with the few cases where there is a legitimate health issue. □

Explore the Relationship Between Commerce and Liberty in *Commerce, Culture, and Liberty: Readings on Capitalism Before Adam Smith*

Edited by Henry C. Clark

Commerce, Culture, and Liberty makes available a rich body of reflections on the larger import of the birth of the modern economy, a viewpoint that has been largely absent from recent academic discourse. Moreover, it presents thirty-seven significant, though hard-to-find writings by Defoe, Fielding, Montesquieu, Voltaire, and other less familiar authors. It also includes a little-known essay by Rousseau. Ten of the readings are first-time translations from French into English. This new collection supplies a wealth of important essays that formed the intellectual context within which Adam Smith produced his ground-breaking ideas.



April 2003. 6 x 9, 703 pages.
Hardcover. ISBN 0-86597-378-4. $25.00.
Paperback. ISBN 0-86597-379-2. $15.00.

Liberty Fund, Inc.

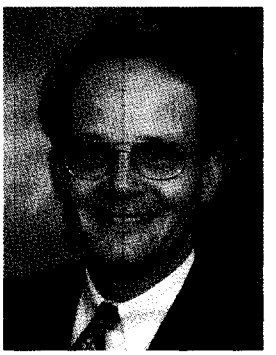
To place an order or request a catalog:
Liberty Fund, Inc.
Order Dept. AIOL73
8335 Allison Pointe Trail, Suite 300
Indianapolis, IN 46250-1684

Tel: (800) 955-8335
Fax: (317) 579-6060

www.libertyfund.org

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003



Lessons from the First Airplane

Mark your calendars! Prepare for commemorative events and feature stories in newspapers all across America. The date is December 17, 2003—the 100th anniversary of the first manned flight at Kitty Hawk, North Carolina, a feat engineered by two brothers named Wright. In one century the airplane went from a dream to a multibillion-dollar industry that transports hundreds of millions of people around the globe every year with speed and convenience that would surely astonish Wilbur and Orville today.

Though most Americans know something of that fateful day in 1903, far fewer are aware of the rivalry between the Wright brothers and another inventor/entrepreneur—one Samuel Pierpont Langley. It's a story that deserves retelling, and there's no better time to tell it than right now. A hundred summers ago, that rivalry was at a fever pitch, and it wasn't at all clear at first that the two bicycle mechanics from Dayton, Ohio, would eventually best the distinguished and better-financed Langley.

By the close of the nineteenth century the possibility of a man-carrying "flying machine" had captivated visionaries in many countries, though the general public regarded the idea as bunk. Nobody knew enough about aerodynamics to build a craft that could generate its own power, get up in the air with a man on board and stay there, and be flown safely and with precision.

In 1878 a simple gift from a father to his two sons—aged 7 and 11—planted the seed that would change history forever. It was a toy helicopter made of cork, bamboo, and paper, and powered by a rubber band. Wilbur and Orville Wright were mesmerized. They built their own copies and versions of it, fostering a lifelong fascination with flight. Twenty-one years later, in 1899, they took time out from their modest bicycle shop to begin the work that would lead to the world's first successful airplane.

Langley, meantime, was already way ahead of the Wrights. Born in 1834, he earned an international reputation for his work in physics and astronomy and by publishing a book on aerodynamics. He was secretary of the respected Smithsonian Institution in Washington, D.C. As early as 1896, he had even built and flown an unmanned "aerodrome"—a tandem-wing aircraft that used a lightweight steam engine for propulsion. He was sure he would be the man to invent the airplane, and probably deemed it unthinkable that young whippersnappers from small-town America could come out of nowhere with little money and beat him to it.

Both Langley and the Wright brothers had Smithsonian connections but with a huge and perhaps decisive difference. For Langley the Smithsonian was the conduit for a $50,000 federal grant, matched by the Institution, to finance his experiments (equivalent to about a million dollars in today's purchasing power). As for the Wrights, in 1899

Lawrence Reed (Reed@mackinac.org) is president of the Mackinac Center for Public Policy (www.mackinac.org), a free-market research and educational organization in Midland, Michigan.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Wilbur wrote a letter to the Smithsonian asking for nothing more than a reading list on flight. He and Orville would finance their dream not with government money, but with the nickels and dimes they could scrape from the profits in their private business.

During the summer and fall of 1903 Langley worked feverishly at his Washington home base. Because he felt it safest to fly over water, he spent half his money building a houseboat with a catapult to launch his newest craft with a man, Charles Manly, aboard. A catapult launch meant that the plane would have to go from a dead stop to a flying speed of 60 mph in just 70 feet, a feat that would prove beyond the reach of his craft's capabilities.

Meanwhile back in Dayton, Wilbur and Orville Wright worked on propeller design, a lightweight engine, and wings that mimicked the way pigeons flew, as the brothers observed them. What they put together solved the problem of controlling flight, which Langley's craft would never have achieved even if it had taken to the air.

On October 7, 1903, Langley's plane, with Manly aboard, was ready to go. At least that's what Langley and Manly thought. But the stress of the catapult launch badly damaged the front wing, and the plane tumbled over and disappeared in 16 feet of water. A reporter present wrote that it flew "like a handful of mortar." The hapless "pilot" was unharmed.

A second launch set for December 8 proved even more disastrous. The rear wing and tail collapsed at the moment of launch, and the plane dove right into the icy Potomac River. This time poor Manly nearly drowned. Financially, for both Langley and American taxpayers, it was a total loss.

Flying Money

Critics went wild. James Tobin, author of *To Conquer the Air: The Wright Brothers and the Great Race for Flight* (2003), quotes one congressman as saying at the time, "You tell Langley for me that the only thing he ever made fly was Government money." The War Department concluded that "we are still far from the ultimate goal, and it would seem as if years of constant work and study by experts, together with the expenditure of thousands of dollars, would still be necessary before we can hope to produce an apparatus of practical utility along these lines."

But just nine days after Langley's second spectacular flight to the bottom of the Potomac, Wilbur and Orville Wright took turns flying their carefully designed plane for as long as 59 seconds over the Outer Banks of North Carolina. The craft cost them about $1,000. It cost American taxpayers nothing. Within a year, they were making flights of five miles at a time; within two years, they were flying distances of 20 to 25 miles.

In November 1904 the Wrights offered to sell planes to the War Department. They weren't seeking a subsidy; they wanted to sell planes for military reconnaissance and communication. But they received the same form-letter refusal that the War Department routinely sent to "flying machine" cranks.

Now what on earth could be the lesson in this remarkable story? Could it be that government, as some argue, is more farsighted than the private sector and therefore subsidies are needed to spur new inventions? Or that government quickly sees the error of its ways and corrects its mistakes? Or that the pursuit of profit just adds another layer of cost and makes new inventions more expensive than necessary?

If you think any of those "lessons" apply, then the textbooks you've been reading belong right where Samuel Pierpont Langley's plane landed. □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

Washington's Centrally Planned Heating and Cooling

by Michael Heberling

While the Clinton administration had eight years to "save the environment," it waited until the final days to push through a flurry of questionable environmental regulations. Among these was the regulation that would require increasing the efficiency of central air conditioners and heat pumps by 30 percent. In the arcane language of the energy business, the SEER (Seasonal Energy Efficiency Ratio) would go from 10 to 13.

According to Deborah Miller of the Air Conditioning and Refrigeration Institute (ARI), "the DOE, in its own words, 'rushed' to publish a proposed new rule. It cut short the comment period; new analyses were injected into the record with only nine days left in this abbreviated period; it ignored its statutory mandate to balance economic interests in the rulemaking; failed to consult the Department of Justice on the impact 13 SEER would have on competition; and published a new rule of 13 SEER 'literally in the final minutes of the last administration.'"[1]

On January 22, 2001, the last day on which Clinton administration regulations could be published, the final rule mandating a 30-percent increase in the heating and cooling standards appeared in the Federal Register.[2] From a political standpoint, this administrative legerdemain was pure genius. By throwing these restrictive regulations over the fence, the outgoing administration's legacy of being "for the environment" was preserved without any of the negative green baggage that so often evokes the wrath of consumers. Nevertheless, under the new, more-stringent environmental standards, the cost of air conditioners and heat pumps will go up $274 to $687.[3]

The incoming Bush administration had three options (all unsatisfactory) in dealing with the left-behind hot potato.

Option 1: Just say no and repeal the regulation. *Benefit*: Momentarily keeps one onerous regulation at bay. *Downside*: High risk (99.99 percent) of being branded "anti-environment" by the media, environmentalists, and the Earth-first politicians. (Remember what happened with the arsenic-in-water standard?)

Option 2: Hold your nose and simply accept it as written. *Benefit*: An absence of negative media coverage. *Downside*: Consumers are saddled with still more restrictive environmental regulations of dubious value. Ironically, the label "pro-environment" does not come with this option. The best that can happen is that the phrase "anti-environment" will not be used as frequently.

Option 3: Propose a watered-down or "lite" alternative. *Benefit*: Although still bad, this is not so bad as the regulation proposed. *Downside*: High risk (99.98 percent) of still being branded "anti-environment" by

Michael Heberling (mheber01@baker.edu) is president of the Baker College Center for Graduate Studies in Flint, Michigan, and a member of the board of scholars of the Mackinac Center for Public Policy in Midland, Michigan.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the media and environmentalists. It is interesting that the vitriolic response accompanying this option is exactly the same as if the regulation had been withdrawn. Since there is never any distinction made between the out-and-out repeal and the watering down of a bad environmental regulation, why ever settle for half measures?

As it turns out, Option 3 was the path that the Bush administration chose. On April 13, 2001, the Department of Energy (DOE) announced its intention to raise the existing standards by 20 percent instead of the proposed 30 percent. The SEER value would be raised from 10 to 12 (instead of 13). The higher standards would take effect January 2006.

How was this 20 percent increase in the SEER value received? The Natural Resources Defense Council was typical: "This latest rollback . . . hurts the consumer and the environment."[4] Only in Washington is a 20 percent increase called a rollback.

What seems to be lost in the debate over heating and cooling standards is the consumer. There are two possible questions that could be asked. The appropriate question is: What does the consumer want? The inappropriate and elitist question is: What is best for the consumer?

The answer to the first question is always the same, no matter what the product. Consumers want choices. They want a number of options so that each buyer can pick the most suitable product. When it comes to purchasing an air conditioner or a heat pump, these options relate to the upfront cost, annual operating cost, esthetics and special features, size of the unit, reliability, and performance. Other factors that influence a consumer's choice include his or her age, family size, financial status, and location.

Consumer Forgotten

Unfortunately the federal government never asks, nor does it want to hear, what the consumer really wants. Since it is predisposed to solutions based on central planning, should it come as any surprise that officials turn only to like-minded advocates of central planning for advice, guidance, and direction? The government's summary dismissal of the true interests of consumers is legitimized by a self-appointed coalition that thinks it knows best: the "consumer advocates" and environmentalists.

According to Andrew deLaski of the Appliance Standards Awareness Project, more than a hundred organizations support the SEER 13 standard.[5] It would be interesting to know how many of these consumer-advocate groups even bothered to survey people on what they really want. Maybe the public is not interested in what these "consumer advocates" are advocating: fewer choices and higher prices. As Thomas Sowell put it, "Indeed, there are no requirements for any knowledge whatsoever to become an environmentalist or a consumer advocate. There are more qualifications required to become a taxi driver or a meter maid than to engage in any of a number of busybody occupations that are taken seriously in the media, as if they represented expertise on something."[6]

When viewed in total, the evolution of government-mandated products, whether the toilet, the washing machine, or the air conditioner and heat pump, displays several disturbing principles[7]:

First, the right to choose is anathema to proponents of central planning. The elimination of the consumer choice is based on the attitude that people are not bright enough or informed enough to make the "correct" decision when left to their own devices.

There is nothing high-tech or mysterious about either the 20 percent increase or the 30 percent increase in efficiency standards. According to the Appliance Standards Awareness Project (one of the standard's advocates), "manufacturers have successfully marketed SEER 13 air conditioners, now considered "mid-efficiency" units, for more than a decade. The most efficient units available reach SEER 16 or higher."[8] (Apparently the free market works just fine without government mandates.) The real problem is that consumers have chosen to ignore the government and environmentalist

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

endorsement of the more-expensive systems for the reasons mentioned. The consumers' rejection helps explain why government products are mandated while preferred, free-market products are outlawed.

Second, central planning, by definition and in practice, undermines competition and innovation. The Department of Justice concluded that the SEER 13 mandate would have "a disproportionate impact on smaller manufacturers. Currently less than 20 percent of the total product lines meet the proposed government standards. However, for some small manufacturers, 100 percent of their lines fail to satisfy the government standard."[9] The mandate would outlaw 84 percent of the existing central air-conditioner models and 86 percent of all the heat-pump models.[10]

There is a cottage industry of small businesses that build heating and cooling systems for manufactured homes and smaller existing homes. These entrepreneurial mom-and-pop operations would be effectively put out of business by the government mandate. They could not make units that both meet the required higher efficiency standards and at the same time fit into the constrained space of manufactured and existing small homes. It should come as no surprise that the Manufactured Housing Association and the National Association of Homebuilders oppose the SEER 13 standards.

Third, government solutions are one-size-fits-all solutions. The federal government in its omnipotent central-planning wisdom has concluded that only one factor is, or should be, of importance to consumers: operating cost. The result is always expensive to consumers, with the advertised benefits hard to find.

The increased efficiency standards will apply uniformly in all 50 states. To the bureaucrats in Washington, the air-conditioning and heating requirements in Michigan and Texas are exactly the same. It is true that a consumer in Texas would be concerned about the annual operating costs of an air conditioner because of the long hot summers. However, for the Michigan consumer, the upfront cost of an air conditioner would be far more important than the operating cost. It is hard to get a financial payback on a more efficient (and costly) air conditioner in Michigan because of its shorter and cooler summers. For obvious reasons, the situation would be reversed with respect to the winter heating requirements in the two regions.

Money-Losing A/C

The DOE estimates show that 73 percent of all households will lose money (between $17 and $188) over the 18-year lifespan of the air conditioner. Twenty-seven percent of all households, mostly in the south and southwest, will realize a net saving of $457. The net savings for all households (both the losers and winners) with the more-efficient SEER 13 air conditioner and heat pump will be a grand total of $45. (That's not $45 every year, that's a $45 saving after almost two decades of operation).[11]

Fourth, government-mandated products hurt the poor and the elderly. Government claims of fighting for the downtrodden do not hold up under close scrutiny. Of all groups, low-income consumers will be the most harmed by the higher standards. DOE data show that 80 percent of the poor households will lose money with the higher-efficiency air conditioners.[12] As the Competitive Enterprise Institute's Sam Kazman and Ben Lieberman point out: "[T]he higher costs may force some low income homeowners to forgo the purchase of a new system, either by doing without air conditioning, opting for cheaper but less efficient window units, or undertaking potentially costly short-term repairs necessary to keep older systems operational."[13]

With many elderly on fixed incomes, an expensive high-efficiency model with an 18-year payback period would not be particularly attractive. "To require senior citizens to undertake the additional expense of SEER 13 systems, even though the payback period for the investment may exceed their expected lifetimes, demonstrates particular insensitivity to this subgroup," Sam Kazman and Ben Lieberman of the Competitive Enterprise Institute add.[14]

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Since a high percentage of the poor and the elderly live in small and manufactured homes, they would be especially hurt by the new government standards. "In many instances, installation of the larger indoor coils required with a 13 SEER condensing unit would drive up costs by hundreds or even thousands of dollars," writes Clifford H. Rees Jr., president of the Air-Conditioning and Refrigeration Institute.[15]

Adds Samuel Cole of Cole Heating and Cooling: "I fail to see the need to force Americans to purchase more efficient and more expensive equipment. Our sales have shown us that people who can afford better equipment will buy it, and others will not."[16]

Fifth, environmentalism appears to be the de facto state religion of the United States. But it seems motivated more by expediency than any genuine religious belief. Since central planning is more apt to hurt the poor and the elderly than the rest of the population, a higher calling is needed to justify the government's intrusion into the heating and cooling business. Being "good for the environment" always trumps hurting the "little guy." Extravagant claims about the environmental benefits of central planning are to be taken as gospel. Opposing, or simply questioning, anything officially sanctioned as good for the environment will be treated as blasphemy.

Does It Matter Who Wins?

A collection of environmentalists, "consumer" organizations, and states is challenging the government's smaller efficiency increase in the U.S. Second Circuit Court of Appeals. It really does not matter who prevails, because the core issue is consumer freedom and the opposing sides are fighting over the extent to which that freedom is lost. The consumer will lose no matter who wins.

This is nothing new. Since its creation in 1977 the Department of Energy has been seeking a mission to justify its existence. The DOE has had a track record "unblemished by success." The American taxpayer has been forced to underwrite one multibillion-dollar boondoggle after another. The $80 billion "synfuels" (synthetic fuels) project to turn coal, tar sands, and shale into petroleum was an unmitigated disaster that became a symbol for government waste. After providing over $15 billion in tax credits and subsidies for renewable energy, wind and solar power now account for less than 1 percent of the electricity produced in the United States. Then, in 1987 the DOE finally found its niche. It got into business of "helping consumers" by mandating energy-efficiency standards for toilets and home appliances.

We can only wonder how our country survived for over 200 years without the department. □

1. Greg Mazurkiewicz, "Debating 12 vs. 13 SEER," *Energy User News*, October 5, 2001, www.energyusernews.com/eun/cda/articleinformation/features/bnp__features__item/0,2584,65717,00.html.
2. Sam Kazman and Ben Lieberman, "Brief Amicus Curiae of the Competitive Enterprise Institute, et al.," Petitions for Review of the U.S. DOE Rules, U.S. Second Circuit Court of Appeals, November 15, 2002, www.cei.org/gencon/027,03289.cfm.
3. Susan E. Dudley, "Willy-Nilly Regulations: Climate of Haste Hurts Consumers," http://www.mercatus.org/news/atlanta.htm, January 2, 2002.
4. Rachel Massey, "Bush Mandates Arsenic in Your Tap Water," Organic Consumers Association, www.organicconsumers.org/corp/arsenic.cfm, April 12, 2001.
5. Mazurkiewicz.
6. Thomas Sowell, "Charismatic Ignoramuses," *Capitalism Magazine*, June 1, 2002.
7. See my "The Federally Mandated Toilet Still Doesn't Work" and "Washing Your Clothes Washington's Way," *Ideas on Liberty*, November 2001 and January 2002, respectively.
8. "Bush Administration Proceeds with Rollback of Energy-Saving Standard for Air Conditioners," Press Release of the Appliance Standards Awareness Project (ASAP), July 25, 2001.
9. "Final Rule: Energy Conservation Program for Consumer Products," *Federal Register*, January 22, 2001, p. 7197.
10. Clifford H. "Ted" Rees, Jr., "Achieving Energy Fairness for All People," www.ari.org/consumer/articles/2001/01-rees-fairness-am.html.
11. Dudley.
12. Laura O'Quinn, "DOE's Air Conditioner and Heat Pump Efficiency Standards," www.mercatus.org/research/120400.html, December 4, 2000.
13. Kazman and Lieberman.
14. Ibid.
15. Rees.
16. Quoted in Greg Mazurkiewicz, "SEER Comments In, DOE Will Decide," Energy User News, October 19, 2001, www.energyusernews.com/eun/cda/articleinformation/features/bnp__features__item/0,2584,65717,00.html.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

Clarence B. Carson, R.I.P.

by Paul A. Cleveland

On April 9 we lost one of our strongest defenders of the cause of liberty when Clarence Carson passed away at age 77. In many ways Carson's story is a familiar one for the time in which he grew up in America. He was born in 1925 into a family of limited means. His father was a tenant farmer in rural Alabama. It was a seemingly unlikely place from which a scholar would emerge, but in the sweet air of the relative freedom of the age any aspiration was possible. Like so many others before him, Carson believed that he could follow his own dream about what life could be. There was no thought of class struggle or being bound by one's circumstances. There was no wallowing in self-pity. While circumstances might be tough, they were only obstacles that could be overcome by thoughtful planning and hard work.

He learned the lessons of hard work and frugality in his childhood and they served him well all his life. From his upbringing he learned the important truth that a rich man might be prodigal with his resources, but a poor man could not afford that luxury. Perhaps it was on this insight that he began to plumb the depths of the discipline of economics even though it was not his primary area of study. Nonetheless, Clarence had a considerable understanding of the subject, which is clearly demonstrated in his book *Basic Economics* and in many other writings.

After serving a term of duty during World War II, Carson returned home. Between 1946 and 1957 he engaged in numerous educational pursuits. At the end of this time he held bachelor's and master's degrees in history from Auburn University and a Ph.D. in history from Vanderbilt University. During these academic efforts he honed his understanding of the importance of the person and of individual responsibility. In fact, the title of his dissertation was *Embattled Individualists: The Defense of the Idea of Individualism, 1890–1930.*

It was also during his college years that Carson met and married Myrtice Sears. In his 1998 book, *Swimming Against the Tide: Memoirs and Selected Writings*, he recalled their meeting and affirmed his lifelong love for his wife when he wrote, "I met a pretty young redheaded lady [in 1949] at a dance held in the gymnasium at Handley High at Roanoke on Saturday evening. . . . I was smitten with her almost from our first dance. I still am." Together, Clarence and Myrtice built a life for themselves and their two daughters, Evelyn and Melissa. It might be easy to gloss over a man's private life in reflecting on his academic achievements. However, to do so in this case would be a disservice to the man and promote an error that would prevent us from understanding his work. Carson's commitment to and love for his family profoundly shaped his think-

Paul Cleveland (pclevela@panther.bsc.edu) is a professor of economics at Birmingham-Southern College in Birmingham, Alabama.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ing. They were as fundamental to his work as were theism and the notion of natural law. In an age when many people were dismissing the importance of personal character and integrity, Clarence always affirmed it as foundational for all other endeavors. Thus, it is not surprising that his was a successful marriage. Nor is it surprising that his family will miss him dearly.

With his degrees in hand, Carson pursued a college teaching career. He began at Elon College in North Carolina in the fall of 1957. From then until 1973 he held academic positions at numerous institutions, including Grove City College and Hillsdale College. During this time Carson also began his writing career and published numerous articles in *The Freeman: Ideas on Liberty*. Over the years his contact with the Foundation for Economic Education grew.

Clarence B. Carson

Prolific Writer

In 1973 he turned to a career in writing. He published 12 books and hundreds of articles. Among his works is the six-volume *A Basic History of the United States*. This series captures the essence of the American drama and provides the reader with an excellent understanding of our past. His *Basic American Government* explores the nature of the constitutional government devised by the founders and explains how this form of government has been eroded. *Basic Economics* succinctly captures the essential principles of the discipline in an easy-to-read style. Throughout the country these books have been widely used by people searching for sound educational materials for their children. In a world where public schooling continues to go from bad to worse, there would certainly be a much greater shortage of such materials if Carson had never embarked on these efforts.

His defense of liberty stemmed from his even stronger commitment: He always wanted to know the truth and to help others understand it. The thought of living with error was simply not acceptable. Yet his pursuit of truth was never overbearing or tyrannical. Carson possessed a graciousness that allowed him to teach others about those things that are honorable, right, and good without lording it over them. I count myself as one who was fortunate enough to study under his tutelage. Even with all my faults, I believe I am a better man today than I would have been if I had not known him.

Death is an event that comes to each of us, but we cannot all face it with the satisfaction that we lived lives full of significance. Carson was able to pass from this world with the full assurance that his life counted for eternity. He leaves a rich legacy that will benefit the lives of people everywhere for many years to come. His books and articles endure, as full of wisdom and honesty as the day they were penned. □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

A Carson Sampler

Editor's Note: Long-time contributing editor Clarence Carson died in April. In memory of this friend of FEE, we reproduce below excerpts from three of his many articles for The Freeman: Ideas on Liberty.

"The Property Basis of Rights," September 1980

There has been an attempt to separate property rights from other rights in this century. It has usually been done by labeling some rights as "human rights" and referring to others as "rights" of property. This distinction has been accompanied by the claim that "human rights" are superior to "property rights."

. . . The distinction has not gone unchallenged. In the 1960s there was even a sort of slogan coined which called it into question. It went something like this: "Property rights *are* human rights." The idea had some appeal. After all, rights are not something ordinarily thought of as belonging to plants or the lower animals. If there is a right to property, it must be first and foremost a *human* right. That was not, of course, quite the distinction the critics of property rights were attempting to make. They referred to property rights as if they were rights belonging to property. Those who challenged this concept maintained, to the contrary, that property rights were really rights of human beings to property. Thus, "Property rights *are* human rights."

At the time, I agreed with this line of reasoning—I still do—and thought it stated the case adequately. However, further study and reflection have led me to a somewhat different conclusion. Property rights are not just another human right; such a statement understates the case. They are much more fundamental than that. Property rights are basic to all rights.

This relationship first occurred to me while studying the loss of rights in totalitarian countries. My general conclusion was that the loss of property rights either preceded or accompanied the loss of other rights. This was so in Hitler's Germany. It was so in Lenin's and Stalin's Russia. It has also been the case in other totalitarian countries. It is possible that some property rights could be retained while other rights, such as freedom of speech, freedom of press, freedom of religion, freedom of association and so on, would be severely curtailed or taken away. But it is now inconceivable to me that other rights could be maintained when property rights were gone.

This suggests to me that there is a causal connection between property and other rights. The historical connection can be seen not only in countries where rights have been lost but also in countries where they were being established. For example, in England in the seventeenth and eighteenth centuries, real property was being made private and personal. At the same time, there was a movement for substantial free-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

dom of religion. In the wake of the establishment of these came the protection of other rights. . . .

Conceptually, all rights are either *elaborations* or *extensions* of property rights. For example, in the United States a person has the right to order the disposition of his bodily remains after death, by will. The right to one's body is an elaboration of property rights; indeed, it may be the most basic property right. A will is written to dispose of one's property. Hence, the right to order by will what disposition shall be made of the body is an extension of the process.

Many rights are so closely tied to property rights that they are virtually indistinguishable from them. For example, the right to buy and sell or, more broadly, to trade freely, is a property right. It is an aspect of the ownership of property. Free speech and a free press are fundamentally property rights. . . .

There is probably no way of conceiving of individual rights other than as either property rights or extensions of property rights. . . .

All attempts to exorcise property from rights and privileges, then, are in vain. Any claim to a right or privilege is, in some sense, a claim to property. It is possible, of course, to downgrade private property. But in the process, individual rights are unavoidably undercut.

"Health Care: Cross Questions and Crooked Answers," May 1980

At the sometimes innocent parties I went to when I was an adolescent we occasionally played a game called "Cross Questions and Crooked Answers." Boys were lined up on one side and girls on the other. Each boy was handed a slip of paper on which a question was written. Each girl got one with an answer. When they had been written, each question had an appropriate answer to it. But they were passed out randomly so that, hopefully, the questions no longer matched the answers when they were read. If all went well, there would be a series of malaprops, inanities, and ribaldries.

A variation of Cross Questions and Crooked Answers has now achieved adult status. Political involvement in medicine has made it commonplace without our being aware of it. Let us take a statement first. It is usually worded something like this: "Every American should have quality medical care." Now, the question, "Don't you want the best quality medical care possible?" It is tempting to treat this as a straight question, and to make what appears to be the only reasonable answer. Namely, "Of course, I want the best quality medical care possible." From that point on the discussion degenerates into a debate as to which is the best possible system for providing quality medical care. It may not be a futile debate, but it is apt to be inconclusive because the best points have been conceded by the answer given to the question.

This is so because "Don't you want the best medical care possible?" is a Cross Question. It is a Cross Question which will most likely elicit a Crooked Answer. Indeed, it is what one of my professors in graduate school called a false question. A false question is one which can only be answered by giving an answer that will be in some part wrong, regardless of what angle you take on it.

To illustrate, let me give the opposite answer to the question, a somewhat perverse answer, if you like. "No, I do not want the best possible medical care. In fact, I do not *want* medical care at all. Medical care is not something one drools over, like a steak, the best cut of which everyone should have. I do not long for the ministrations of physicians or for the comforts of a hospital bed. Indeed, my preferences run in the opposite direction, to have as little truck with any of these as possible."

The answer is evasive, of course, but it is evasion with a point. I want the question reworded. The first order of business is not the quality of medical care; medical care is only a means, not an end. The quality of life is my main concern, not the quality of medical care. The question might be rephrased this way: What do you want from life to which medical care (and its quality presum-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ably) is directly related? Now that is a straight question which can be given a straight answer.

My answer would go something like this. I want the use of my faculties with as little impairment as possible. I want to see, hear, smell, feel, walk, taste, talk, and use my limbs well so that I can function normally. Why? So that I can look after myself. So that I can manage my own affairs. So that I can be independent in order to fulfill my purpose as a man. In short, my concern with medical care is as an adjunct to my personal independence.

Contemporary medical practice has this as its primary aim. Its aim is to maintain or restore the independence of the individual, to get him up and walking again, to get him to looking after his bodily needs, to get him to exercising his faculties, and so on. The desired goal is dismissal of the patient and a minimal dependence on drugs. In short, good medical practice requires that the patient be restored to independent status as quickly as in the judgment of the attending physician he is ready for it.

Medical care cannot correctly be considered in a vacuum. When we do so we can only ask Cross Questions and get Crooked Answers about it. It is part of the larger corpus of life itself, and ordinarily a subordinate part. In the context of the statements made above, the aim of medical care—the maintaining and restoring of personal independence—is part of the broader aim of personal independence for individuals. Whatever impairs the independence of the individual will tend to be detrimental to the aims of medicine. . . .

"Farming Is a Business," August 1986

The plight of service station operators does not appear to ever have caught the public fancy. Not once in all my years as a diligent TV watcher can I recall having seen a special on the subject, or even a segment on the evening news about the disappearance of the family-operated service station. The television cameras have not focused on any sheriff's bankruptcy sale of some service stations, with the sheriff surrounded by a bunch of surly service station operators protesting the sale. No legislatures or courts have declared a moratorium on foreclosures on service stations, to my knowledge. There are no Federal Service Station Banks to provide easy credit to go into the service station business. And, in all my years of perusing textbooks on American history, I have never encountered even a sentence about "The Service Station Problem," much less a paragraph or a whole section of a chapter.

By contrast—and what makes the above so remarkable—I have seen reams of material over the years dealing with "The Farm Problem." No presidential administration since that of Rutherford B. Hayes, at the latest, has managed to get by without some sort of "Farm Crisis." Every sort of scheme, crackpot or otherwise, to deal with the farm problem has had its advocates, and many a bill has made its way through state legislatures and Congress that was supposed to address the problems of farmers. For more than a hundred years now those who claimed to speak for farmers have proclaimed the responsibility of government to help farmers, and for nearly as long governments have been passing legislation of one sort or another that was supposed to do just that. Inflation—back in the days when everyone understood that meant an increase in the money supply—was once considered to be the panacea for farm problems. Then it was regulation of rail rates, government-sponsored loan programs to provide easy credit, government-sponsored cooperative storage and crop loan facilities, parity payments, subsidies, and so on. No history book worthy of the name is minus sections planted here and there through the accounts of the last hundred years detailing the plight of the farmers. And, according to spokesmen for farmers, the problem is apparently as urgent today as ever, what with declining foreign markets, drops in the prices of farm lands, and widespread farm foreclosures.

It is not my point, of course, that farmers have not had and do not have problems. As

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

far back as my information goes, farmers have always had problems of one sort or another. They have ever been hampered in their enterprise by droughts, floods, plagues, disease, fat years when prices fell and lean years when prices might rise but they produced much less. Farmers have been going into debt ever since merchants, factors, or bankers could be found to extend credit, many of them going deeper in debt from year to year in the vain hope that bumper crops could be sold at high prices to rescue them. Anyone who doubts this should study the accounts of American farmers and planters in our own colonial history. There have been many changes in technology and farming methods over the years, but the sort of financial problems encountered by commercial farmers have not changed much.

My point, rather, is that it is not all that clear that farmers differ that much in having problems from the rest of us who are exposed to the exigencies of the market—which is to say all of us, to greater or lesser extent. Even government workers sometimes lose their jobs, and politicians do not always get re-elected. But I started out to contrast farmers with service station operators, so allow me to stick with that for a bit. The woes of service stations over the years must often have been as great as those of farmers. True, many have left farming for other fields, especially over the past fifty years. But the number of service stations that have gone out of business during the same period must be very large, in view of the many abandoned businesses which dot the countryside. Service stations that remain in business also change hands or come under new management from time to time. One of the plaints about farming is that the family farm is disappearing, but service stations may also be operated by families. Whether service station operators are as prone to bankruptcy as farmers, I have no information, but undoubtedly many service station operators do not make a go of the business for one reason or another.

The central point I wish to make, however, is that farming is a business. In this crucial respect, it is like a host of other businesses. It has been contrasted with operating a service station not because farming is essentially different but because a great deal of political attention and a large number of political programs have been enacted that were supposed to aid farmers. By contrast, very little notice has been paid to service stations, and except for an occasional piece of legislation dealing with the treatment of independents by suppliers, service stations have rarely been singled out except for restrictive legislation. There are many other businesses for which there are no specific government aid programs: toymakers, for example, candy manufacturers, makers of cereals, and so on. Some businesses have been the objects of government programs which were supposed to aid them, of course, but none so massively, I think, nor over so long a period of time. Certainly businesses, in general, have not usually enjoyed public sympathy in this century; they have much more often been the subject of punitive regulation. Moreover, public opposition to and criticism of aiding other businesses has usually been vigorous.

Thus, it is important to emphasize that farming is a business. This is important for two reasons. First, it brings it into the correct framework for considering the appropriateness of providing aid. Second, it helps to cut away the alleged differences from other businesses. . . . This is not to deny that there are public benefits from farming, but these do not appear to differ from those that attend hundreds of other enterprises. . . . □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

"Planned Chaos": Industrial Waste Recycling in Communist Economies

by Pierre Desrochers

Most advocates of "sustainable development" assume that traditional market incentives, such as the price system and private property rights, lead to wasteful and environmentally harmful practices. Not surprisingly, some proponents, such as bestselling authors Paul Hawken, Sim Van Der Ryn, and Stuart Cowan, have suggested that central planning might prove more effective at coordinating industrial waste recovery.[1]

Substituting central planners for spontaneously evolved market transactions to increase industrial recycling is not only an old idea, but also one that failed abysmally when it was tried on a large scale in communist economies. The results, to use Ludwig von Mises's term, was "planned chaos" on a scale that sustainable-development theorists can hardly imagine.[2]

By several contemporary accounts—and contrary to now-widespread belief—past entrepreneurs and industrialists did a fairly good job at creating wealth out of industrial waste.[3] Nevertheless, the turn of the twentieth century saw the emergence and eventual dominance of an intellectual perspective that attempted to substitute "rational" planning and large-scale enterprises for anarchic market competition. Accordingly, many authors indicted markets for their inherent wastefulness and environmental destruction.[4]

For example, "scientific management" theorist Frederick Winslow Taylor, a man for whom the laissez-faire economic model held no sway, wrote in 1911 that when looking at America one could not avoid seeing "our forests vanishing, our water powers going to waste, our soil being carried by floods into the sea; and the end of our coal and our iron . . . in sight."[5]

Taylor and others ushered in the idea that the economic revolution of industrialization both enabled and required the replacement of "mere profitability" by objectively developed measures of efficiency. They declared a "war on waste" that occurred because of the failure to implement the principles of scientific management and that resulted from the anarchic and uncoordinated marketplace. It was the marketplace, they said, that brought about unnecessary duplication of productive units, the production of unnecessary goods, and the large discrepancy between supply and demand.

These efforts culminated in the early 1920s when Secretary of Commerce Herbert Hoover convinced the Federated American

Pierre Desrochers (pdesrochers@iedm.org) is a research associate at the Montreal Economic Institute (www.iedm.org).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Engineering Societies to appoint a Committee on Elimination of Waste in Industry, in which Taylor's disciples occupied 11 of the 17 positions. Like many other such documents, the final committee report, *Waste in Industry*, had little to say on byproducts and focused instead on time-wasting strikes, the waste of manpower and money in unemployment, and the loss of effort and money through careless planning.

A few proponents of scientific management nonetheless addressed the issue of industrial byproducts and advocated central planning as the best way to recover them. For example, in 1918 British engineering professor Henry J. Spooner devoted about one-seventh of his 300-page book *Wealth from Waste* to byproduct recovery, concluding:

> [T]he marked success attending the spasmodic and sporadic attempts that have been and are being made to collect waste articles is a sure indication of the enormous amount of wealth awaiting organised collection and treatment. The municipalities have it in their power to render great services to the State by organising a complete system, including house-to-house calls by voluntary women helpers. But nothing of real importance is likely to be done on an extensive scale until such schemes are organised throughout the country from some State department, such as the Local Government Board.[6]

Stuart Chase, an American journalist and popular writer who is often credited with coining the term "New Deal," expressed similar beliefs in his 1926 book *The Tragedy of Waste*. His rationale for advocating central planning was this:

> Whenever material of any sort is burned down or thrown away, with it goes a certain number of chemical elements—oxygen, nitrogen, sulphur—in various chemical combinations, which may or may not be valuable, but which are always suspect until the chemist has reviewed them. . . . It does not pay, of course, to save all—perhaps most—discarded material. But it pays more now than it did a generation ago, and the process is accelerating. . . . The invariable question to be answered is whether the salvage is worth the cost of conversion. The trouble is that while no must often be the individual manufacturer's answer because he cannot finance large scale renovation, the answer of the whole community is often yes.[7]

While American and Western European authors proved unable to impose the central planning of industrial-waste recycling on their countries, this approach was later adopted on a large scale in the Eastern European economies, where it proved to be an unmitigated disaster. While relatively few studies were written on the topic in English, the Hungarian-born American sociologist Zsuzsa Gille, although no fan of market economies, recently published a detailed study of the Hungarian planners' attempt to institute such a scheme in the post-war era.[8]

Planned Chaos in Socialist Hungary

Gille's main findings can be summarized as follows: The Hungarian socialist era (1948–1989) saw the emergence of an official culture that valued thriftiness and the reuse of waste. The main result of this supposedly new perspective was a number of policies designed to turn industrial waste into useful byproducts. Unfortunately, those policies failed to live up to their promises and were abandoned in recent years with the return to traditional market incentives.

The 1950s saw the creation of an elaborate hierarchical input and output quota system of waste registration, collection, distribution, and reuse. Between 1950 and 1959, 34 central regulations on the collection, storage, delivery, and price of waste materials were issued. Companies generating certain types of waste were first required to collect them and offer them for transfer to other firms in accordance with quotas. According to Gille, "Subsequent laws prescribed which wastes were to be delivered to which com-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

pany, how to calculate the price of wastes, what to do with hitherto unregulated waste materials, and how much material reward could be given to those who collected wastes beyond the planned amount" (p. 206).

Waste also became a key issue around which the population was mobilized. The culmination of these campaigns was the Gazda movement, named after a metallurgical worker, Géza Gazda, who had invented a new way to reuse scrap metal. As Gille points out, however, these policies led to two unintended consequences. The first was that the reuse of waste materials required additional inputs that were in short supply. As a result, waste was piled up but not used.

Second, the policies also strengthened the tendencies of centrally planned economies toward wasteful production since they created an added incentive for workers and managers to produce with higher waste ratios. These consequences were increasingly acknowledged and led to the revocation of the waste quotas by the end of the 1950s.

The concept of waste as useful material nonetheless remained on the agenda of the central planners. According to Gille, from the mid–1970s on, waste was increasingly seen as a cost of production, and further policies, such as price increases for byproducts, monetary rewards for collection, and additional funding for re-use facilities, were put in place to cut such costs. But instead of centrally calculated waste quotas, enterprises were now free to decide which wastes they wanted to re-use, sell, treat, or dump. Gille argues that, while these programs proved successful for some potentially dangerous wastes, in the end they failed to increase the portion of secondary materials among industrial inputs.

Why Did Central Planning Fail?

The central planning of industrial-waste recycling failed abysmally. Proponents of the system no doubt would say that the Hungarians did not try hard enough or set the wrong waste quotas. This answer does not seem plausible in light of the general failure of central planning and of similar results in other communist countries where such schemes were imposed.

A better explanation is to be found in the so-called Austrian-school critique of central planning that was elaborated by Ludwig von Mises, F. A. Hayek, and other economists who built on their insights.[9]

Rather than creating an orderly society, central planning has the opposite effect. By short-circuiting the price mechanism and imposing the necessarily limited knowledge of a few planners on a multitude of individuals, central planning destroys the capital base and creates economic randomness, which eventually brings chaos and economic regression.

Thus a rational policy of minimizing industrial waste, embracing all aspects of production and consumption, can best be pursued under free-market capitalism, in which profit-seeking entrepreneurs can compete at creating valuable resources from hitherto useless byproducts. □

1. Paul Hawken, *The Ecology of Commerce* (New York: Harper Business, 1993); Sim Van Der Ryn and Stuart Cowan, *Ecological Design* (Washington, D.C.: Island Press, 1996).

2. Ludwig von Mises, *Planned Chaos* (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1947), available at www.econlib.org/library/Mises/msSApp.html#Appendix.

3. For a detailed discussion of this issue, see my articles in the April, May, and June 2003 issues of *Ideas on Liberty*.

4. For a detailed history of social engineering and conservation policies during this period, see John M. Jordan, *Machine-Age Ideology: Social Engineering and American Liberalism, 1911–1939* (Chapel Hill: University of North Carolina Press, 1994), and Sulevi Riukuletho, *The Concepts of Luxury and Waste in American Radicalism, 1880–1929* (Helsinki: Finnish Academy of Sciences and Letters, 1998).

5. Frederick Winslow Taylor, *The Principles of Scientific Management* (1911), www.socsci.mcmaster.ca/~econ/ugcm/3ll3/taylor/sciman.

6. Henry J. Spooner, *Wealth from Waste: Elimination of Waste a World Problem* (Easton: Pa.: Hive Publishing Company, 1974 [1918]), p. 21.

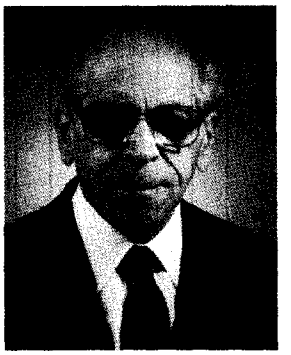
7. Stuart Chase, *The Tragedy of Waste* (New York: Macmillan, 1925), pp. 261–62.

8. Zsuzsa Gille, "Legacy of Waste or Wasted Legacy? The End of Industrial Ecology in Post-Socialist Hungary," *Environmental Politics*, vol. 9, no. 1, 2000, pp. 203–31.

9. For a concise summary of this line of thought, see Sanford Ikeda, *Dynamics of the Mixed Economy: Toward a Theory of Interventionism* (New York: Routledge, 1997), and the relevant texts listed in the *Austrian Study Guide* of the Ludwig von Mises Institute (www.mises.org/StudyGuideDisplay.asp?SubjID=9).

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003



Unequal Justice for All

The story of drug prohibition is one of the most tragicomic chapters in modern Western history. Luckily, it is not true that, as Hegel famously said, "The *only thing* we learn from history is that we learn nothing from history."

Drug prohibition is stupid social policy for many reasons, most obviously because forbidden fruit tastes sweeter; that is, because one of the easiest ways for a young person to assert his autonomy is by defying authority, especially arbitrary and hypocritical authority.

"Adam," wrote Mark Twain in *Pudd'nhead Wilson's Calendar* (1894), "was but human—this explains it all. He did not want the apple for the apple's sake, he wanted it only because it was forbidden. The mistake was in not forbidding the serpent; then he would have eaten the serpent."

In 1927 the *International Herald-Tribune* reported: "A proposal that the Federal Government should segregate convicted drug addicts on McNeill Island, near Tacoma, Washington, where 'the icy water of Puget Sound serve as prison walls,' was endorsed by the Conference of Committees of the World Conference on Narcotic Education just concluded here [New York City]. The Rev. Albert Sidney Gregg, of Cleveland, who advanced the proposal, explained, 'Addiction should be classed with smallpox, cancer or leprosy, and provision made for a cure of isolation.'"

Note that the proposal was made by a clergyman and that he classified illegal drug use as a contagious disease such as smallpox and also as an incurable disease such as cancer, and referred to life-long incarceration as "isolation." Thirty-eight years later, William F. Buckley wrote: "And so the disease spreads in geometric proportion, and permits us to generalize that: *narcotics is a contagious disease*. . . . [Hence,] it becomes necessary to treat it as a plague. New York should undertake to quarantine all addicts, even as smallpox carriers would be quarantined during a plague. The narcotics problem is properly a federal problem because the contagion is country-wide." (Buckley has since moderated his views, but he still embraces the medical metaphor of "addiction.")

Others and I have offered our reasoning for and against drug prohibition. However, when a social policy is as unreasonable as the war on drugs, and at the same time politicians and people regard it as absolutely indispensable for maintaining the integrity of society, reasoning is futile.

One need not be an expert on criminology to recognize that poor and very unimportant persons are more likely to be the victims of criminal laws than rich and very important persons, not merely because they have more incentives to break the law, but also because they have fewer resources with which to protect themselves from its enforcement. For the past half century or more, there is no area of criminal law where this has been more true

Thomas Szasz (tszasz@aol.com) is professor of psychiatry emeritus at SUNY Upstate Medical University in Syracuse. His latest book is Liberation by Oppression: A Comparative Study of Slavery and Psychiatry *(Transaction, 2002).*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

than in the area of drug law. I offer three dramatic examples.

Winona Ryder. During the Fall of 2002, Winona Ryder—a young, beautiful, famous movie star—was much in the news for being charged with, tried for, and convicted of shoplifting from a Saks Fifth Avenue store in Beverly Hills. According to her probation report, "Ryder had 37 prescriptions filled by 20 doctors from January 1996 to December 1998." She was sentenced to probation and "drug and psychiatric counseling."

The media identified only one of the doctors who supplied her with controlled substances, Dr. Jules Lusman. After Lusman was identified as Ryder's drug supplier, it turned out that he also "served raunchy rocker Courtney Love with a cabinet full of prescription drugs. . . . The long prescription-writing arms of embattled Dr. Jules Lusman—fingered last week as Ryder's personal Dr. Feel Good—have snared Love in an ever-growing Hollywood medication scandal. Lusman's name first came to light when L.A. County probation officers—investigating Ryder after she was convicted of shoplifting—found evidence of the actress' frequent use of painkillers." Lusman's punishment: loss of his license to practice medicine.

Elvis Presley. The popular image of Elvis Presley—that when he was not making music he was making love—could not have been more false. During much of his career Presley's main interest in life was drugs: getting drugs, taking drugs, lying about drugs, and above all else, participating in the America's Holy War against drugs. Presley obtained vast quantities of controlled substances—Quaalude, Placidyl, Demerol, Dilaudid, Dexedrine, and Biphetamine—by receiving prescriptions for them from his doctors.

In 1970 President Richard Nixon appointed Presley an agent of the Bureau of Narcotics and Dangerous Drugs. When Elvis walked into the Oval Office, he was high as a kite. Nevertheless, he was a national hero. He is even more of a national hero today. He was never charged with any violation of the drug laws.

After Presley died his personal physician, George Nichopolous, was charged with "criminally overprescribing" sedatives, stimulants, and painkillers for him. A Tennessee jury acquitted him. In 1980 the Tennessee Board of Medical Examiners revoked Nichopolous's medical license for "indiscriminately prescribing" more than 5,000 pills and vials for Presley in the seven months before his death in August 1977.

John F. Kennedy. Despite the efforts of the Kennedy family mythmakers, we now know that had JFK been an ordinary American, he would have been stigmatized as a "junkie." In 1972 even the *New York Times* considered it fit to reveal that, in 1961, Max Jacobson, M.D., "traveled with the president to Vienna for the summit meeting with Khrushchev and . . . gave the president injections there." According to Seymour Hersh, "Kennedy was a heavy user of what were euphemistically known as 'feel-good' shots, consisting of high dosages of amphetamines. . . . Dr. Max Jacobson, the New York physician who administered the shots, was a regular visitor to the White House and accompanied the president on many foreign trips; his name was all over the official logs. . . . Jacobson's license to practice medicine was revoked in 1975."

John F. Kennedy and Elvis Presley are our mythic national heroes. No one calls them "addicts." We reserve that stigma—masked as a "diagnosis"—for unimportant people who engage in exactly the same behavior.

Winona Ryder remains an admired movie star. Anti-drug ads do not show her face to illustrate that this is what you look like when your brain is on drugs.

But there is hope. Our new drug czar has finally come out of the closet. On December 19, 2002, John Walters advised formerly pot-smoking parents in New Orleans to lie: "'They're your kids, not your confessors,' said John Walters, director of the White House Office of National Drug Control Policy. 'Don't treat them like your peers. Treat them like your children'" (New Orleans *Times-Picayune,* December 20, 2002).

That's the ticket: treat the whole nation like a bunch of stupid kids. LIE! □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

Law and Property: The Best Hope for Liberty?

by Norman Barry

There is little left of the conventional protections for individualism in the modern world. Whatever theoretical virtues there may be in democracy (and there aren't many[1]), in practice it has disintegrated into a struggle among self-regarding interest groups, mediated by government, over wealth that is exclusively created by private individuals. The Constitution has proved to be little more than a parchment protection against legislative predators. Federalism, which once offered the possibility of exit from more burdensome states, has ceased to be an escape route because the U.S. Supreme Court, in upholding virtually every act of centralization since Franklin Roosevelt, has turned the states into mere agents of Washington, D.C.

The law itself seems to offer little solace. The common law, which is a product of judges' proceeding case by case, for example, in tort and contract, has ceased to be as predictable as it once was. Judges have now become creative: they don't preserve an ongoing legal order; they shift it in politically fashionable directions.

Because of this change in the common law, I began to look for the security of a written legal code (or civil law) against the arrogance of lawyers with a social mission. I was the first to admit that neither the common law nor a written code had been able to resist the intrusion of statute into the order of general (end-independent) rules in the twentieth century. But surely a code system had a slightly better chance of preserving liberty? Historically, code writers had been less influenced by interest groups. After all, the codes were not originally the product of mass democracy. There is indeed a logical difference between a code and a statute, and this is another instance of F. A. Hayek's famous distinction between "law" and "legislation." Furthermore, a code system, in principle, does not suffer from the vagaries of judge-made law. In a difficult case, the judges go back to the code rather than use their own discretion; and is that not better than having a judiciary pretending that it is "discovering the law" when it is really advancing a social agenda? Hayek himself had respect for the nineteenth-century German code.

But I soon realized that something was going wrong with my thinking. I had not understood that the common law was, in principle, acceptable if politicians left it alone. There was a close historical connection between the common law and the market economy. Contract, which was entirely judge-made law, had been an essential servant of the private property, capitalist order, and tort, which protected individuals from possible harms, had emerged independently of statute.

Contributing editor Norman Barry (norman.barry @buckingham.ac.uk) is professor of social and political theory at the University of Buckingham in the U.K. He is the author of An Introduction to Modern Political Theory *(St. Martin's Press) and* Business Ethics *(Macmillan).*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Ironically, the problem in America came from the fact that it has always had a kind of code, the Constitution, superimposed on the spontaneous order of common law. This code, because it has been subject to creative interpretation, has licensed an attenuation of rights and property, which would not have occurred under pure common law. The latter had always recognized equality (it was an eighteenth-century court decision that disallowed slavery in England), so did we really need the Fourteenth Amendment, which, among other divisive things, brought us affirmative action?

Even now there is still a feature of the common law that works reasonably well precisely because it is more or less unaffected by the code (the Constitution). If we look at the common law we don't find any ringing declaration of property, yet it has quietly protected one person's possessions against damage by another. It was celebrated by Sir William Blackstone: "The . . . absolute right, inherent in every Englishman, is that of property: which consists in a free use, enjoyment and disposal of his acquisition, without any control or diminution, save only by the laws of the land."[2] By that "control," Blackstone meant the law that had emerged from judicial decision-making. The major depredations of property came later from statutes emanating from a sovereign parliament, which he acknowledged with regret. Of course, he lived in advance of mass democracy.

Still, the Blackstone approach lives on, and, as we shall see, common-law solutions to, say, externality problems (such as pollution) are quite effective. We shall compare its approach with the Napoleonic Code (1804), Article 544, which declares sonorously of property "the right to use and dispose of a thing in the most *absolute* way." But since judges have little say in its interpretation, the Code has to be altered every time some contingency occurs. Private property, despite the Gallic flourishing, turns out to dependent on myriad rules and regulations, all of which lead to increased centralization and the dominance of *public* law. The French early recognized the problem of externalities but instead of seeing the problem as soluble by judges' determining appropriate property rights, they "transferred to administrative agencies all collective interests threatened by industrial development."[3]

Law of Nuisance

In contrast, the English common law developed the law of nuisance. This was not the product of some rationalistic planner but the outcome of myriad private cases, where one person brought an action against another who had damaged his property. By not referring to a code, the judges can be pragmatic in their solution to a problem. Most important, they talk of "reasonableness" when adjudicating whether a nuisance had been committed, and their evaluation of its seriousness often encompasses the economist's notion of utility.

What was crucially important was the invention of the common-law remedy of injunctive relief. In any legal dispute a litigant could go to court with an action, say, a tort under the law of nuisance, and secure an injunction (backed by the crime of contempt of court) compelling his opponent either to desist from or to perform an action. Once granted, an injunction allows the possibility of negotiation between the parties to reach an agreement that satisfies both. Thus if two parties have a dispute about whether one has the right to cause an obnoxious smell on his own property that also adversely affected others, the court would in effect decide the property rights and issue an injunction. The loser can then buy out that right through a contractual agreement. Both parties are better off.

The injunction is essentially forward-looking or utilitarian; it looks to future well-being. Actions for damages, however, are essentially backward looking; they are concerned with correcting past wrongs.

Code law, because of its concern with physically separate property, seems to have a greater affinity with the freedom philosophy. If someone's property rights have been clearly undermined, actions for damages are appropriate. But only recently have code sys-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tems developed techniques to deal with the problems where rights are in dispute (such as in environmental issues), the very thing the injunction has always handled. Although codes have remedies for dealing with externalities, or incompatible uses, they still tend to rely on the finality of damages, or the coercion of public law with no possibility of negotiation. There is now, belatedly, a law of nuisance in France, and it is conceded by defenders of legal codes that the common-law method protects property better than the grandiose declarations of a code.[4]

The common law is pragmatic and can produce a variety of solutions. But they are not always satisfactory. In the precedent-breaking New York case *Boomer v. Atlantic Cement Co.* (1970), although the plaintiffs were victims of a nuisance (cement manufacture is unpleasant), they were denied an injunction, which would have closed the plant and eliminated hundreds of jobs. Instead, the victims were awarded damages. This overturned the traditional interpretation of nuisance, which would have called for cessation of the offending activity. Perhaps the worst aspect of the case was the award of *permanent* damages, since once they were paid the aberrant company was relieved of any duty. If *temporary* damages had been awarded, the plaintiffs could have kept coming back for more and this would have given the perpetrator an incentive to fix the problem.

A further example of the pragmatism of the common law is the defense of "coming to the nuisance." If a person has been causing a nuisance for a long time and nobody has complained, a newcomer to the area would probably lose any action he brought against the creator of the nuisance. Again, there are clear advantages to this, for many businesses would not survive a rigorous application of the law of nuisance. The doctrine is sometimes called "first come, first served," and it could be said that the original person had established the "right" to engage in the activity. Of course, there are dangers in this because the courts might be effectively granting a monopoly to the "offender." What if someone wanted to develop a residential area, which depends for its viability on the absence of noxious smells? "Coming to the nuisance" is not always an effective doctrine.

Unlike a code system, where the judge is reduced to the mechanical interpretation of the law, under common-law the judge is looking for *policy*-based solutions. But this flexibility and pragmatism must not be misinterpreted: it is not a license for the judge to make the law reflect personal whims and ideological fancies. There are restraints, such as the overriding obligation to preserve a predictable order, established expectations, and conventional legal rights. Ironically, the greatest threat to legitimate expectations and rights has occurred in that part of American law which most resembles a code—the Constitution. Here the record of property-rights protection is at best mixed and at worst bitterly disappointing.

Some Progress

Undoubtedly property owners have achieved some legal protection against government "takings" through important decisions in the past ten years. For most of the twentieth century the judiciary had been supine before voracious legislatures that gobbled up property on behalf of the "public good." Rightly or wrongly, government in the United States has always had the power to take private property, but always subject to the Fifth Amendment proviso that the power should be exercised only for "public use" and with "just compensation." All Western legal systems theoretically permit takings, implying that the property owner should not bear the full costs of a "public project."

In America the judiciary had been reasonably assiduous in abiding by the Fifth Amendment when the *physical* seizure of property occurs. But in blatant violation of the Constitution, the government never paid compensation for *regulatory* takings, that is, the prohibition through regulation on certain uses of one's land. (This is still the case in European code law.) Yet an owner surely suffers a loss if certain activities are

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

forbidden just as if his land had been grabbed.

For example, there is a very tenuous case for zoning law, upheld in the 1920s, that specifies what can be built and where. Presumably, the argument here is that attractive residential areas would decline if industrial development were to be allowed to continue unabated. But Houston has no zoning laws, and nobody seriously suggests that its ambience has suffered as a result. Indeed, it has always been the case that in a free, rule-governed society, private owners, worried about the preservation of their fine surroundings, have been able to protect these through restrictive covenants. Threats to rural beauty have come from unrestrained public development rather than private.

After decades of protest and formidable argument against regulatory takings, progress was made in the 1990s. In the famous *Lucas v. South Carolina Coastal Council* case (1992), David Lucas had bought two beachfront properties on a barrier island for $1 million dollars in the hope of building two houses there. But his plans were frustrated by the Council, which denied the permits under authority of beachfront-management legislation passed two years after Lucas bought the properties. This wiped out the value of Lucas's investment. He claimed this constituted a "taking" and warranted compensation. After failing to win in the state Supreme Court, Lucas went to the U.S. Supreme Court, which ruled that compensation is due under some circumstances and sent the case back to the state for determination. Eventually, the state paid Lucas $1.5 million for the properties, and later sold them to another developer.

Although the principle that investment-backed expectations should be protected was conceded, the Court's decision was narrowly drawn around the fact that Lucas had suffered virtually a total loss of use. While later cases did establish the principle that partial takings should also be compensated,[5] that position can hardly be regarded as secure, given the ease with which precedent can be overturned.

The New Threat to Liberty and Property

But while this progress was being made an even more insidious threat to property rights was emerging: the power of eminent domain began to be used not for "public use," but to maximize private interests. Considering the clarity of the Fifth Amendment's takings clause, it surely cannot be used on behalf of *private* persons, can it?

Well, it can, according to the courts, the guardians of our liberty and property. For more than 20 years legislatures have got into the habit of handing private homes and stores over to big private developers. Sometimes they declare the condemned area as "blight." But not always. The classic case was *Poletown Neighborhood Council v. City of Detroit* (1981). In this Michigan case the city, citing the need for jobs, condemned a thriving ethnic neighborhood on behalf of General Motors, which had threatened to leave the area unless it got the 450 acres, at a bargain price, for a Cadillac plant. The residents and business owners fought the takings in court—and lost.

All sorts of arcane arguments can be tricked out of the chicanery that is modern welfare economics. Maybe there was a hold-out problem (the last person could have demanded an enormous price), or the holdings were contiguous and had to be developed in one package—and, no doubt, General Motors would bring vast employment to the area. But these are specious arguments: the market would have produced a solution satisfactory to everyone involved. Nothing can hide the fact that the whole exercise was an *involuntary* transfer. That it resulted from a decision by elected representatives is no justification. Aren't law and property supposed to protect us from the rapacity of democratic institutions? □

1. See Norman Barry, "What's So Good about Democracy?" *Ideas on Liberty*, May 2003.
2. William Blackstone, *Commentaries on the Laws of England* (London: Sweet, 1844 [1768]), p. 134.
3. Quoted in Ugo Mattei, *Basic Principles of Property Law* (Westport, Conn.: Greenwood Press, 2000), p. 17.
4. Ibid., pp. 155–56.
5. See Bernard Siegan, *Property and Freedom* (New Brunswick, N.J.: Transaction Publishers, 1997), chapter 5.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

Yes or No to the Euro?

by Karl Sigfrid

Since many economists are skeptical about the new euro currency, European politicians have decided to make the issue about something other than economics.

Some claim that the euro is a currency for peace, referring to the fact that the European Union (EU) was founded to prevent another war between France and Germany. When the first notes and coins were issued, Wim Duisenberg, head of the European Central Bank, predicted that the euro would "create a new era of peace" and forever change the way Europeans relate to one another. He is probably right about the prospects for peace—and without the euro, he would still be right. Little indicates that countries within the EU plan to attack each other, regardless of what currency they use.

Swedish members of the European Parliament seek support for the euro by telling people how convenient it would be not having to change money when they go to Spain on their summer vacation. This argument would be legitimate if there weren't credit cards for people who find it difficult to handle more than one kind of coin. The same goes for businesses engaging in foreign trade.

European businesses can already use the euro if they wish, thereby avoiding the cost of using multiple currencies when trading within the euro bloc. No business owner needs to spend sleepless nights guessing tomorrow's exchange rate. Nor will countries with their own currencies, as the Swedish Liberal Party claims, be unable to participate fully in the decisions that shape Europe's future. Influence is guaranteed by representation in the various EU assemblies, which is based on factors independent of the euro.

If the reasons are invented, what are the real motives for the efforts to expand the euro zone? One answer is that the creation and growth of the European Union has created a new species of European elite politician. Dwelling in Brussels, this politician identifies primarily with EU and not with the citizens of his own country. In addition to a common currency, the European elite discusses having an EU president and a more efficient process for decision-making without veto rights. In short, strong forces push to transform the EU into something that for all practical purposes would be one big country.

Some American economists and economics writers are less than enthusiastic about the euro. In the *Wall Street Journal*, George Melloan expressed well-grounded fears that harmonized taxes are coming along as part of the euro package. Virtuous low-spending states would thereby lose their advantage over those that tax and spend. Thus the euro EU states would not have the option of

Karl Sigfrid (Karl.Sigfrid@moderat.se) is a graduate student in business administration and economics at Stockholm University in Sweden.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

attracting business by cutting taxes and regulations, because the common-currency regime would not permit it. Ireland, a country that has recently experienced terrific economic growth, risks its EU subsidies if it goes further in its efforts to create a better business climate.

Melloan also points out that the Maastricht Treaty, which created the EU and which was to establish sound financial guidelines, did not result in more responsible economic policies. On the contrary, European governments increased spending in the years that followed the treaty's signing.

The European socialist parties generally prefer centralized solutions to political problems. European nonsocialists are split between those who oppose the EU's growing powers and those who view the euro as a project for openness and free-market solutions. Many free-market advocates in overtaxed countries, such as the Scandinavian welfare states, hope the euro will force the national leaders to cut taxes and reduce deficits. So far nothing of the sort has happened as a result of EU membership, and the Irish example hints that it might be difficult for market-oriented EU governments to deregulate. The EU has provided Europe rule-laden agriculture subsidies that are more expensive for the taxpayers and more difficult for the farmers to handle than anything the national governments ever devised. EU also administers regional redistribution of economic resources, which is likely to increase with a common currency.

Unhappy Shoppers

People in countries already in the euro club are not satisfied with their new currency. The happy euro shoppers outnumber the unhappy ones only in France and Belgium. In Germany a majority of citizens want to leave the euro bloc and dust off their old marks. This cannot be explained solely by the euro's initially weak performance. Many feel that giving up a national currency is to cut a tie to history. Imagine the U.S. government's deciding to give up the dollar for a newly created multinational currency.

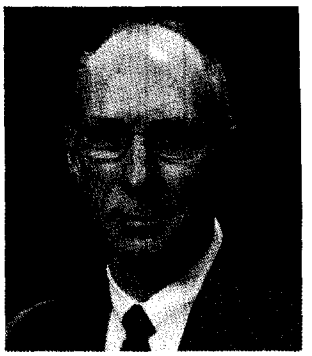
The stagnating European economies are not the result of too many currencies, but rather of a weak private sector and big governments' eating up resources. Overwhelmingly complicated and unfriendly regulations make life difficult for the small businesses the economy depends on for growth and jobs. Strengthening the EU by expanding the euro bloc will only build up the organization responsible for much of the political interference. How the non-euro EU members deal with the pressure to adopt the new currency will send important signals to Brussels. Countries saying yes to the euro will be signaling that they are happy with a growing EU. Countries that say no make it clear that they don't believe in European centralism.□

Missing *Mainspring*?
Lacking *The Law*?

Order all your FEE favorites from Laissez Faire Books! Call 800-326-0996, or go online at www.laissezfairebooks.com. Be sure to mention IOL when ordering.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003



Why Grover Cleveland Vetoed the Texas Seed Bill

Grover Cleveland was the last U.S. president with a valid claim to be known as a classical liberal. (By the time "Silent Cal" Coolidge became president, the big-government horse was already out of the barn, and Ronald Reagan as president was as much the big-government problem as he was the solution.)

A lawyer who lacked a philosophical temperament or education, Cleveland derived his devotion to limited government from his reverence for the U.S. Constitution. An honest man—an *extraordinarily* honest man for a politician—he took seriously his oath to "preserve, protect, and defend" that document.

Although nineteenth-century government now appears remarkably constricted, politicians in those days were no less predatory and corrupt than our own. Our forebears, however, kept the government within tighter bounds because so many of them harbored ideological hostility to big government, and therefore they often refused to tolerate out-of-bounds government programs, regardless of the proffered rationale. Many things were still viewed as "not the proper business of government," an attitude that allowed at least some politicians to survive while resisting raids on the public's purse and incursions on the people's liberties. Cleveland was one such political survivor.

As a government officer, Cleveland demonstrated that much good could be done simply by resisting legislative mischief. As the mayor of Buffalo, New York, for the single year 1882, he became known as the "veto mayor" by virtue of withholding his stamp of approval from the skullduggery of corrupt aldermen. Then, after taking office as New York's governor in January 1883, he gained a reputation as the "veto governor."[1] During his two terms as president (1885–89 and 1893–97), he vetoed more congressional bills than any other president except Franklin D. Roosevelt (who held office more than twelve years, as against Cleveland's eight), and only seven of his 584 vetoes were overridden by Congress.[2]

Cleveland believed in keeping government expenditure at the minimum required to carry out essential constitutional functions. "When a man in office lays out a dollar in extravagance," declared Cleveland, "he acts immorally by the people."[3] He fought to lower tariffs, which the Republicans had hoisted to punishing levels, and to hold back the flood of phony pensions that congressmen were awarding in order to buy votes and to placate the Grand Army of the Republic, the most powerful political pressure group of the late nineteenth century.

It should have surprised no one, therefore, when Cleveland vetoed the Texas Seed Bill early in 1887. This legislation appropriated $10,000—a trifling sum even in those days—to allow the Commissioner of Agriculture to purchase seed grain for distribution to farmers in certain counties of Texas that had suffered from drought.[4] The president's veto message read in part as follows:

Robert Higgs (rhiggs@independent.org) is senior fellow at the Independent Institute (www.independent.org), editor of The Independent Review, *and author of* Crisis and Leviathan.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

> I can find no warrant for such an appropriation in the Constitution; and I do not believe that the power and duty of the General Government ought to be extended to the relief of individual suffering which is in no manner properly related to the public service or benefit. A prevalent tendency to disregard the limited mission of this power and duty should, I think, be steadily resisted, to the end that the lesson should be constantly enforced that, though the people support the Government, the Government should not support the people.[5]

Cleveland went on to point out that "the friendliness and charity of our countrymen can always be relied on to relieve their fellow citizens in misfortune," and indeed that "individual aid has to some extent already been extended to the sufferers mentioned in this bill." Further, he suggested that if members of Congress really wanted to send seed to the suffering Texans, the congressmen might personally carry out this charitable transfer by using the seed routinely provided to all members for distribution to their constituents (at an expense of $100,000 in that fiscal year).[6]

Unpopular Man

Cleveland's second term as president came to a sad end, as even his own party turned against him for the most part. After striving courageously for four years to preserve free markets, limited government, and a sound currency against those who urged resort to statist nostrums during the country's worst economic slump, Cleveland left office an extremely unpopular man.[7] Although his reputation recovered later, especially after his death (in 1908), he has never been regarded as one of the country's "great presidents."

In recent years, historians have tended to pooh-pooh Cleveland as a reactionary who accomplished nothing of much significance (unlike, say, Woodrow Wilson and Franklin D. Roosevelt, whom most historians idolize), and some have gone so far as to condemn Cleveland and his supporters as "Bourbon Democrats" in cahoots with greedy businessmen and bankers.

A more just verdict was reached, however, by historian Richard Welch, who wrote of the Cleveland Democrats: "They were convinced of the superiority of free enterprise to any other economic system; they defined 'reform' in terms of improvements in public morality and administrative efficiency; they advocated 'sound money' and the preservation of the gold standard—but these convictions were shared by a majority of middle-class Americans. It is false to the historical context of Gilded Age America to see such concerns as indicative of collusion with big business."[8]

Perhaps the highest praise came from H. L. Mencken, who wrote of Cleveland: "It is not likely that we shall see his like again, at least in the present age. The Presidency is now closed to the kind of character that he had so abundantly."[9] □

1. Matthew Hoffman, "Odyssey of a Statesman," *The Free Market*, January 1991, p. 6.
2. For figures on presidential vetoes, see U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970* (Washington, D.C.: U.S. Government Printing Office, 1975), p. 1082; and U.S. Bureau of the Census, *Statistical Abstract of the United States: 2001* (Washington, D.C.: U.S. Government Printing Office, 2001), p. 246.
3. Quoted in Hoffman, p. 6.
4. Allan Nevins, *Grover Cleveland: A Study in Courage* (New York: Dodd, Mead, 1932), p. 331.
5. *Congressional Record*, 49 Cong., 2d Sess., vol. XVIII, Pt. II, 1887, p. 1875.
6. Ibid.
7. Robert Higgs, *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (New York: Oxford University Press, 1987), pp. 77–105.
8. Richard E. Welch, Jr., *The Presidencies of Grover Cleveland* (Lawrence, Kan.: University Press of Kansas, 1988), p. 220.
9. H. L. Mencken, "A Good Man in a Bad Trade" [1933], in H. L. Mencken, *A Mencken Chrestomathy* (New York: Vintage, 1982), p. 229.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

The Economics of Smoking Bans

by Arthur E. Foulkes

The war on smoking is proceeding with rapid progress. Anti-smoking activists are successfully fighting for smoking bans in restaurants, bars, bowling alleys, and other places open to the public. California and Delaware have banned smoking in virtually all restaurants and bars. Smoking is prohibited in restaurants in Maine, and voters in Florida recently approved a constitutional amendment that will do likewise.

Several local governments have joined in. Smoking is banned in all restaurants and bars in Tempe and Guadalupe, Arizona; Cambridge and the Cape Cod area of Massachusetts; Corvallis and Eugene, Oregon; and Helena, Montana. Other local authorities have confined themselves to banning smoking in restaurants only. Some of these include Tucson and Mesa, Arizona; Fort Wayne, Indiana; Erie County, New York; Cabell County, West Virginia; and several towns and cities in Texas. And this is just a quick sampling.

Why all the bans? Advocates say they are protecting either children or workers (or both) from secondhand smoke, also known as environmental tobacco smoke (ETS). The Environmental Protection Agency (EPA) considers ETS to be a Category A carcinogen—meaning it is a substance known to cause cancer in humans. A federal judge later overturned the EPA's finding, noting the agency "adjusted established procedures and scientific norms" to reach its conclusion.[1] The EPA appealed the judge's ruling and maintains that ETS "is responsible for approximately 3,000 lung cancer deaths each year in nonsmoking adults" and harms the "respiratory health of hundreds of thousands of children."[2] The prestigious Mayo Clinic concurs: "Research has linked secondhand smoke to lung cancer, cardiovascular disease, low birth weight, sudden infant death syndrome, asthma, bronchitis" and more.

Even if the EPA is right and ETS is harmful, does this justify government's telling property owners they can't allow smoking on their premises? According to smoke-free advocates, the answer is an unadulterated *yes*. New York Mayor Michael Bloomberg, who favors banning smoking in New York City bars, restaurants, and even outdoor cafes, puts the case this way: "Common sense and common decency demand . . . the need to breathe clean air is more important than the license to pollute it." (Does this mean we should also ban all other "nonessential" activities that pollute, such as pleasure boating, family vacations, and motorcycle rides?)

Bloomberg is an example of a full-bodied smoke-free advocate. This type wants government to protect workers by banning smoking in all workplaces, including bars. A more "mild" variety of smoke-free advocate

Arthur Foulkes (Arthurfoulkes@cs.com) is a freelance writer in Indiana.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

only wants to protect children by banning smoking in restaurants, bowling alleys, and other places accessible to kids. Of course, some "milds" hope to extend restaurant bans to bars next.[3] The chief executive of the American Cancer Society summed up the "full-bodied" view: "A bar is a workplace. You should not be allowed to smoke in a workplace."[4]

The argument that children should not be exposed to secondhand smoke strikes a chord. After all, even libertarians believe government should protect citizens from harm inflicted by other citizens. If children are being abused when parents drag them into Denny's or some other restaurant where smoking is allowed, isn't it within the proper scope of government action to prevent such harm?

But if this is so, why stop at restaurants? Under this reasoning, smoking should be banned anywhere children are present, including private vehicles and homes. The smoke that kids of smokers breathe in a restaurant is negligible compared with what they get at home or on a drive. If ETS amounts to abuse, what possible difference does it make where the abuse takes place?

But parents permit or partake of lots of activities that might be detrimental to their children's health. Some allow their kids to eat lots of fast food or to watch too much television. Statisticians could quickly find correlations between these behaviors and bad health as well.

What about protecting workers? Many workplaces are unsafe or potentially unsafe. That creates a disincentive for many people to accept such jobs and allows perhaps less well-qualified and less particular workers to take the jobs. The element of danger or discomfort also forces employers to offer higher wages than otherwise. For those then willing to take the jobs, it means higher pay. By making workplaces smoke-free, some better-qualified workers will now be attracted to those jobs, driving the lesser-qualified workers into even less-desirable work—possibly at jobs with more immediate dangers—or out of work altogether.

Enter the Econometricians

The war over smoking bans reached low ebb when the opposing sides started funding academic studies to argue that the bans are having either a positive or negative effect on the restaurant industry in smoke-free communities. Some restaurant trade groups sponsored studies showing a decrease in restaurant business after the smoking bans went into effect. But these studies have been largely dismissed as based on "anecdotal information"[5] or "funded by the Tobacco industry."[6]

Meanwhile, on the antismoking side, several studies (largely undertaken by smoke-free advocates, but never mind) have shown smoking bans have not harmed the restaurant industry. Some have even shown an *increase* in overall restaurant business. These econometric studies have examined several communities, including Fort Wayne, Indiana; Boulder, Colorado; Dane County, Wisconsin; New York City; Chapel Hill, North Carolina; Flagstaff, Arizona; West Lake Hills, Texas; and several locations in California and Massachusetts. Their findings are based on restaurant sales-tax receipts or other aggregate data.

Does this mean economics supports the smoking bans? Not at all. As noted, all the studies supporting smoking bans are based on *aggregated* restaurant sales data; they look at the "restaurant industry" in the smoke-free communities. They largely ignore what might be happening under the surface to *individual* businesses and completely ignore the extent to which the bans further erode the essential concept of private property rights—the very linchpin of wealth creation in a market economy.

That said, there is no reason to doubt, as the econometric studies show, that overall restaurant business *has* increased in some areas with bans. As one restaurant owner who favors the smoke-free ordinances noted, "If 75 percent of people don't smoke and 25 percent do, that means 75 percent are going to eat out more and 25 percent are going to eat out less."[7]

But does this mean smoking bans are really

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The more that government bodies usurp the ability of entrepreneurs to plan, the more they erode the role of entrepreneurship and deaden wealth creation.

a "win-win situation for restaurant owners, restaurant workers and restaurant patrons," as the commissioner of the Massachusetts Department of Public Health proclaimed?[8] Again, not at all. For some restaurants or types of restaurants, the benefits of a smoke-free ordinance will outweigh the costs. For other restaurants and bars this will likely not be so. Blue-collar bars and restaurants, for example, may be especially hard hit, since, according to the National Opinion Research Center, smoking is more common among blue-collar workers and people with lower incomes.[9] Bars that cater to these customers may suffer a loss of business.

Moreover, where ordinances fall short of an outright ban, but require costly remodeling and nonsmoking sections, larger chain restaurants may be better able to cope than smaller competitors. For example, some ordinances require floor-to-ceiling dividers keeping bar areas separate from eating areas, or independent ventilation for smoking rooms. While overall restaurant business may increase, certain kinds of restaurants may suffer or go out of business. As usual, then, we see that government regulation of private business simply creates new winners and losers. It creates no new wealth, and, as we will see, actually squanders it.

An Austrian Perspective

Yet another economic reason to resist smoking bans has to do with the importance of private property to a prosperous society. In a free society standards of living rise when goods and services are available more abundantly and in accordance with consumer preferences. Entrepreneurs play a vital role in this story because they direct productive resources toward ends they believe will satisfy consumers. If they guess correctly they profit; if they are wrong they suffer losses and abandon their enterprises.

When an entrepreneur invests in a restaurant, he does not invest in the aggregated "restaurant industry," but rather in a *specific kind* of restaurant, one he believes will satisfy consumers. In short, he has a specific plan in mind.

Any plan can be carried out only if the planner has control—as much as possible—over the necessary implements. A football coach can draw plans all day, but he is wasting his time if the players are following another person's orders. If he lacks control over his team, he will soon stop planning altogether. Such control is also vital to entrepreneurs. As the great Austrian economist Ludwig von Mises wrote, "Private ownership means the proprietors determine the employment of the factors of production. . . . Where it is absent, there is no question of a market economy."[10]

It has become common for government bodies to dictate the uses of private property. As Mises observed decades ago, "[N]owadays there are tendencies to abolish the institution of private property by a change in the laws determining the scope of the actions which the proprietor is entitled to undertake with regard to the things which are his property. While retaining the term private property, these reforms aim at the substitution of public ownership for private ownership."[11]

This tendency is clearly alive and well today. But the more that government bodies usurp the ability of entrepreneurs to plan, the more they erode the role of entrepreneurship and deaden wealth creation. Simultaneously, in such a system entrepreneurs begin spending time and resources not look-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ng for new ways to satisfy consumers, but ıttempting to influence government, spending thousands or millions lobbying. In this way, wealth is actually squandered.

Most of us don't like breathing other people's smoke, but it is more an annoyance than an immediate threat to our lives. (Even directly smoking a cigarette does not instantly kill us like some exotic poison.) One smoke-free study found the number-one reason people avoid smoky restaurants is they don't like the lingering smell of cigarette smoke on their clothes and in their hair.[12] My wife and I sometimes avoid places we know will be especially smoky. Other times we don't particularly care. It depends on our values at the moment. (She actually favors smoking bans, so I'm doing a little risk/benefit analysis just by writing this.) Even the most strident smoke-free advocate may accept a table in a restaurant's smoking section if, for example, he is in a big hurry and wants the next available table. Just going to work or school each day involves risk/benefit analysis. It is simply a part of life.

Members of Congress, those people most eager to tell the rest of us how to live, allow individual members to decide the smoking policy in their own offices on Capitol Hill.[13] Restaurant and bar owners should have the same freedom, even if large majorities favor a ban on smoking. Workers too should be free to work where they would like and make their own risk/benefit tradeoffs. And parents, not the government, should be responsible for their children's well-being. By usurping the parental role, governments not only seize authority over children, but also make children out of adults. This approach, in addition to being morally destructive, is bad economics as well—regardless of what the econometric analyses say. □

1. Antismoking activists note that U.S. District Judge William L. Osteen's court was in North Carolina, a key tobacco-growing state. However a year earlier antismoking forces applauded the same judge for ruling the U.S. Food and Drug Administration had the authority to regulate cigarettes. A higher court overturned that ruling. See Joseph Perkins, "Has EPA been promoting one big secondhand smoke screen?" *Ventura County Star*, July 29, 1998, www.junkscience.com/news3/perkins.htm.

2. U.S. Environmental Protection Agency, "Fact Sheet: Respiratory Health Effects of Passive Smoking," www.epa.gov/iaq/pubs/etsfs.html. The strongly anti-tobacco World Health Organization conducted "one of the biggest single pieces of research" into the question of ETS and lung cancer. It found no statistically significant correlation and was later widely accused of "burying" its own findings. See "The World Health Organization is showing signs of allowing politics to get in the way of the truth," *The Economist*, March 14–20, 1998.

3. Douglas Martin "Smoking Ban Has Not Hurt Restaurants, Analysts Say," *New York Times*, January 12, 1999.

4. Ibid.

5. Centers for Disease Control, "Assessment of the Impact of a 100% Smoke-Free Ordinance on Restaurant Sales—West Lake Hills, Texas, 1992–1994," *MMWR Weekly*, May 19, 1995, pp. 370–72, www.cdc.gov/mmwr/preview/mmwrhtml/00037061.htm.

6. Martin.

7. Ibid.

8. "Massachusetts Department of Public Health Releases New Report on the Economic Effects of Restaurants Going 'Smoke-Free,'" Massachusetts Department of Public Health Press Release, March 27, 2001.

9. Survey data show blue-collar workers 10–15 percent more likely to smoke than white-collar. Also, the same survey researchers showed a strong inverse correlation between smoking and income. James Allan Davis and Tom W. Smith, General Social Survey(s), 1990, 1989, 1988, 1987, produced by the National Opinion Research Center, Chicago.

10. Ludwig von Mises, *Human Action*, 4th rev. ed. [paperback] (San Francisco: Fox & Wilkes, 1996), pp. 682–83.

11. Ibid., p. 683.

12. "Studies Find Massachusetts' Smoke-Free Ordinances Having No Significant Effect on Restaurant Revenue," *U.S. Newswire*, January 11, 1999, posted at www.gasp.org/nyrest.html.

13. See www.c-span.org/questions/weekly61.asp.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

BOOKS

Diversity: The Invention of a Concept

by Peter Wood

Encounter Books • 2003 • 308 pages • $24.95

Reviewed by George C. Leef

Anthropologists study the origins and development of human customs and beliefs. Often that takes them to places like New Guinea, but anthropologist Peter Wood did not need immunizations or a passport to write this remarkable book. It examines one of the strangest of contemporary American beliefs—*diversity*—dissecting this foolish, often destructive mania with consummate wit and skill. To provide a parallel in economics, think of what Henry Hazlitt's *The Failure of the "New Economics"* did to the Keynesian mystique. Wood's assault on diversity does comparable damage.

Wood first argues that a fascination with diverse cultures is nothing new for Americans. Our forebears read avidly about the various peoples with whom explorers came into contact. Nor, contrary to popular belief, did they necessarily regard non-whites as inferior. They were simply different. It never occurred to anyone to "celebrate" the fact that people aren't fungible units.

What Wood means by "diversity" is "a *belief* that the portion of our individual identities that derives from our ancestry is the most important part, and a *feeling* that group identity is somehow more substantial and powerful than either our individuality or our common humanity." That's not the way the "diversiphiles" (Wood's term) pitch the idea, of course. To them, diversity is a big, warm teddy bear of lovely emotions, centering on the idea that everyone would respect and like everyone else if institutions would make sure that members of all "groups" where represented in schools, businesses, and other places where humans congregate. Wood shows, however, that diversity is no teddy bear. Over and over, he penetrates through the smiley-face sloganeering to show the feebleness of the diversiphile arguments.

Much of the book focuses on the diversity movement in education, where Wood has seen it firsthand as a professor at Boston University. Many pages are devoted to the origin of the movement, which dates from the U.S. Supreme Court's 1978 *Bakke* decision. Wood explains that Americans had been losing patience with affirmative action (which had metamorphosed into racial quotas by the 1970s), and that the odd happenstance of *Bakke* rescued the quota fanatics by giving them a new justification for insisting that student bodies (and other groups) must be carefully engineered to achieve what Wood calls "aquarium-style" diversity.

In *Bakke*, Justice Powell's opinion stitched together a tenuous majority for the proposition that it was not necessarily unconstitutional for state universities to consider race as a factor in admissions. His opinion included the idea that there might be a "compelling state interest" in having a "diverse" student body. No other justice joined with Powell on that point, but quota advocates had been handed a brand-new argument and they made the most of it.

Affirmative action had been billed as a temporary measure to correct historical wrongs—a tough sell when the wrongs applied to only one group, and those wrongs were in a rapidly receding past. But diversity could be a permanent program based on the notion that wonderful things happen when the state brings together people of different backgrounds. Wood writes, "Without *Bakke*, the *diversity* argument—the conceit that ethnic and racial diversity are educationally constructive—might have languished along with the labor theory of value and other bits of leftist rhetoric that never caught on."

College leaders quickly grabbed at the lifeline Powell had tossed out. Since then, they have defended their policies of admitting students and hiring faculty members based on race, gender, sexual orientation, and so on, by saying that it is all done for better education.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

But is it? For a long time, diversiphiles got away with mere assertion on that, but the University of Michigan cases that the Supreme Court will decide this summer have brought the issue into the open. Wood examines the evidence that the diversiphiles have presented and finds it weak and deceptive. The much-touted book by William Bowen and Derek Bok, *The Shape of the River,* he concludes, is just a "soggy apology for diversity." Professor Patricia Gurin's study of the educational benefits of diversity, cooked up to bolster the U of M's case, receives richly deserved scorn as well.

Wood also devotes chapters to diversity in the arts, churches, and business. His insights are just as penetrating in those fields as they are in education.

Henry Hazlitt's great book didn't immediately cause the Keynesian edifice to collapse, but it was a rallying point for free-market economists who gradually drove Keynesian thinking off the commanding heights. My hunch is that Peter Wood's *Diversity* will play a similar role. □

George Leef is book review editor of Ideas on Liberty.

Worlds Together, Worlds Apart: A History of the Modern World from the Mongol Empire to the Present

by Robert L. Tignor, et al.

W.W. Norton & Co. • 2002 • 462 pages • $62.50 hardcover; $20.00 paperback

Reviewed by Andrew Cline

History books for college students are reputedly terrible. Do they merit that reputation? If *Worlds Together, Worlds Apart* is indicative, the answer is yes.

The authors of Norton's new world-history textbook set out to accomplish something they say no history text has done: teach the subject from 1300, instead of 1492, to the present and shift the focus away from the West so that all the world's peoples are given "fair coverage."

Cramming 700 years of human history into 462 pages requires a great deal of labor to separate the wheat from the chaff. With a year and a half to fit into each page, many individuals, movements, battles, events, and so on won't make the cut or will be reduced to a passing mention. The seven Princeton University professors who wrote *Worlds Together, Worlds Apart* undertake this historical culling with gusto. They chop, snip, clip, and weave like hairdressers on speed, creating a strange narrative in which Thomas Jefferson seems less important than numerous popular entertainers.

Take the twentieth century, for example. The authors carve out space for such people as Nelson Mandela (mentioned on five pages), Lenin (six pages), Hitler (eight pages), Gandhi (eight pages), Stalin (ten pages), and Chairman Mao (11 pages). But these people get only a mention: Woodrow Wilson, Margaret Thatcher, Pope John Paul II, Lech Walesa, Japan's Emperor Hirohito, Malcolm X—as well as Boy George, Carmen Miranda, the Village People, Melissa Etheridge, Hideo Nomo, Toni Morrison, Josephine Baker, the Black Panthers, and Sting. It is difficult to see how students can get a coherent view of the century's crucial events from this kaleidoscopic presentation.

There was so much going on in the twentieth century that the authors obviously wouldn't have space to include everyone. I mean, they *had* to put Boy George and Carmen Miranda *somewhere*. So, naturally, they left out certain irrelevant figures. Among those not making the cut are J. Robert Oppenheimer, Albert Einstein, Enrico Fermi, Sam Walton, Duke Ellington, Golda Meir, and The Beatles. Of course, reggae musician Bob Marley is mentioned on two different pages and has his own photo.

There is no confusing *Worlds Together, Worlds Apart* for an old-fashioned, Western-centric textbook that uses out-of-date concepts like balance and historical perspective. In this book, we are spared long passages on such figures as George Washington, whose entire presence in the book consists of a single reference in the caption describing a painting of Simon Bolivar. It reads, "Bolivar

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

wanted to transform the former colonies into modern republics, and used many of the icons of revolution from the rest of the Atlantic world—among his favorite models were George Washington and Napoleon Bonaparte."

Junking Washington leaves room for an entire page devoted to Ernesto "Che" Guevara. The text devotes more space to Guevara's death scene than to Washington, Isaac Newton, and Michelangelo combined.

Also given entire pages are *The Communist Manifesto*, Islamic rebels Abi Al-Qasim and Zaynab, the official 1993 declaration of war against the Mexican government by a group of peasants, and rantings on socialism and black power by the first president of Senegal.

The authors also spare us most specific dates, such as July 4, 1776. They even dispense with such outdated concepts as the distinction between voluntary and involuntary transactions, saying "trade could also take the form of tribute to powerful rulers." And they point out how social forces shaped history, claiming that the Mongol conquests were caused by "population pressures."

Glossing over mass murder is a hallmark of this book. The Mongols were merely "terribly destructive," but positively so because they "deepened the connections" between cultures. Likewise, Mao, history's deadliest ruler, is summarized thus, "many of Mao's ventures proved disastrous failures, but the Chinese model of an ongoing people's revolution provided much hope in the Third World."

One could go on and on with examples of how the authors of *Worlds Together, Worlds Apart* have turned history on its head, lionizing socialism and taking pot shots at free trade and capitalism. But by now you get the picture.

Studies show that history is no longer a required course at many colleges and universities. Maybe that's not a bad thing, if it means that students won't be subjected to material such as this. □

Andrew Cline is editorial page editor of The Union Leader *and* New Hampshire Sunday News.

What's So Great About America

by Dinesh D'Souza

Regnery Publishing • 2002 • 256 pages
$27.95 hardcover; $15 paperback

Reviewed by Jim Peron

The title of Dinesh D'Souza's book promises one thing, but the book itself delivers another. What it does deliver is still worth reading. Rather than a discussion of what is great about America, the book is mainly a response to various anti-American special-interest groups. In that, he mostly succeeds.

One drawback is that he doesn't sufficiently distinguish American values from Western values, for example, in his chapter "Why They Hate Us" (in which he argues convincingly that the attacks of 9/11 grew out of a culture clash with Islam, not out of U.S. foreign policy). While the values of Enlightenment liberalism came to dominate Europe, they took a very different form in America. When D'Souza does discuss American values he makes a big leap, because he does not explain how or why American values are different from European values. It would have been constructive had he done so.

In Europe, liberalism was grafted onto a culture that had had centuries to develop. European culture was already steeped in economic feudalism, aristocratic rule, a church/state alliance, and nationalism that barely escaped tribalism. There was always an uneasy arrangement where liberal concepts were based on values that evolved under illiberal systems.

The United States was special in that its liberal political structure, and hence its basic social values, were established before any uniquely American culture had evolved. Liberalism dominated American thinking from its birth, and thus American culture evolved within a liberal framework. D'Souza does put his finger on one distinctly American concept that helps make America great: egalitarian meritocracy.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Jefferson's view that all men are created equal is endemic in American culture. He correctly observed that no American really believes that anyone else is his superior. Yet at the same time, Americans tend to applaud achievement. Envy is not a strong cultural factor, even though some politicians frequently resort to it. This meritocratic egalitarianism is one reason that open socialism was never widely accepted. Yet in Europe, the rise of classical liberalism almost immediately brought with it the counterrevolutionary revival of feudalism in the form of state socialism.

D'Souza tackles some of the opponents of American values. He also effectively debunks the multiculturalist assault, which argues that all cultures have equal value. The wholesale switching of value systems seen in recent decades around the world indicates that multiculturalism, while widely held by Western academics, seems to have little support from the very people whom the academics claim to be defending.

D'Souza is less convincing when he attempts to defend American foreign interventionism. He tries to argue that American interventions have differed from other nations, but surely our numerous military escapades are not among the factors that make America great. Moreover, he neglects the important question of how such policies undermine the traditional American values he supports. Even when the response was to an attack on American civilians on their own soil—on September 11—the size and scope of government expanded at the expense of individual liberty. No American intervention has managed to avoid similar enduring consequences.

Throughout the book one catches glimpses of what's so great about America. But glimpses are insufficient to fulfill the promises of the title. I can't help but suspect that *What's So Great About America* was a hastily written response to September 11 and would have benefited from a longer gestation before its publication. While I enjoyed D'Souza's attack on the opponents of American values, I would have preferred to see more discussion of those values themselves. □

Jim Peron is the editor of Free Exchange, *a monthly newsletter, and the owner of Aristotle's Books in Auckland, New Zealand.*

The Big Problem of Small Change

by Thomas J. Sargent and François R. Velde

Princeton University Press • 2002 • 432 pages • $39.50

Reviewed by Robert E. Wright

When it comes to quotidian monetary issues, like making small change, denizens of the third millennium A.D. have things rather easy. We are accustomed, without systematic trouble or hassle, to walking into a store, picking up a soda for 99 cents plus tax (and perhaps deposit), tendering a 10- or 20-dollar bill, and receiving exact change. People have not always had it so good. In the Middle Ages and early modern period, getting change was often a "big problem." That problem stemmed from four interrelated facts:

> First, the money stock was largely composed of full-bodied coins.
> Second, coins of different denominations were manufactured from different metals—copper, silver, or gold.
> Third, the relative market prices of those metals frequently changed.
> Fourth, coins of different denominations were not convertible into each other at fixed rates.

Thus a gold coin when minted might be worth 20 one-shilling silver coins and stamped as such. If silver became relatively more valuable than gold, however, the gold coin, though stamped 20 shillings, might only be able to purchase 19 one-shilling silver coins. Obviously, that would create quite a few problems. It would be like receiving only 19 one-dollar bills when changing $20.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Sargent and Velde's purpose is to explain how monetary authorities came, over the course of centuries, to abandon the awkward medieval coinage system described above and to adopt the "standard formula"—the government's policy, to which we have grown accustomed, of exchanging all denominations with one another at fixed rates. To do so, the authors develop a brilliant mathematical model of demand for coins of different compositions and denominations. More impressively still, they apply the model to eight centuries' worth of monetary history and theory. The result is almost certain to direct monetary history research for years to come.

To the financial historian or libertarian, however, the book is less convincing. In Chapter 17, "Britain, the Gold Standard, and the Standard Formula," readers learn that *entrepreneurs* were responsible for the creation and implementation of the key feature of the standard formula—convertibility of token moneys at fixed rates—and for the invention of the technologies necessary to effectively implement the formula. Various national governments then nationalized and monopolized the formula and its concomitant technologies. Despite the authors' obvious support for government fiat monetary regimes, therefore, a libertarian *could* read this book as a story about how the private sector saved us from centuries of government monetary bungling.

Similarly, a financial historian might wonder why the authors completely ignore the American experience until the late nineteenth century, when the U.S. *government* finally adopted the standard formula. Recently, a number of scholars have demonstrated that, contrary to earlier assumptions, the early U.S. financial system was an efficient and innovative force that helped to drive American economic growth. They also show that, as in Britain, entrepreneurs devised and implemented a private version of the standard formula while the government mint remained an inconsequential economic force.

The early U.S. money supply was primarily composed not of government coins but of bank liabilities—notes and deposits—backed by fractional specie reserves. The notes and deposits were convertible into each other, in desired denominations, and into gold and silver. Where state governments prevented banks from issuing notes in fractions of a dollar, private nonbank issuers, often well-established retailers, supplied fractional tokens for local circulation.

The federal government defined the metal content of the dollar and exerted some control over a quasi-central bank. States regulated the other commercial banks. Otherwise, the market was pretty much allowed free rein. Whether the government's eventual nationalization of the standard formula improved on the private version is a matter of debate. Thousands of private-currency issues created ample opportunity for counterfeiting and peculation. Moreover, banknotes depreciated as they circulated away from their place of issue. However, the market's response to those problems—counterfeit defectors and banknote brokers—may have been inefficient compared to issuance of a single, national currency. On the other hand, government adoption of the standard formula was but a short step from an inflationary fiat-currency regime. The private version of the standard formula, which was predicated on specie convertibility, successfully maintained long-term price stability.

Sargent and Velde have written an important book that covers an impressive range of intellectual and historical territory. More attention to the early U.S. experience and the role of commercial banks in the development of the standard formula, however, would have further enhanced their study. □

Robert Wright is a consultant for the Winthrop Group, Inc., a history-based management consulting firm, and author of four recent books on U.S. financial history.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IDEAS ON LIBERTY
JULY/AUGUST 2003

Average Americans versus Environmentalists

A few years ago *American Enterprise* magazine carried an article by Karl Zinsmeister titled "Environmentalists vs. Scientists." It's mostly a report on research published by two academics, Stanley Rothman and Robert Lichter, in their book *Environmental Cancer: A Political Disease*. The authors surveyed a cross-section of environmental leaders at organizations such as the Natural Resources Defense Council, Sierra Club, National Wildlife Federation, Ducks Unlimited, Environmental Defense Fund, Nature Conservancy, and National Audubon Society. Identically worded survey questions were administered to different groups of scientists. Among the groups surveyed was the American Association for Cancer Research, whose members are specialists in carcinogenesis or epidemiology.

It turns out that scientists and environmentalists hold markedly different views. Sixty-seven percent of cancer specialists believe there's no cancer epidemic, while only 27 percent of environmental activists hold the same view. Only 27 percent of cancer specialists agree with the statement "industry causes rising cancer rates," while 64 percent of environmentalists do. The scientists didn't trust the media. Only 22 percent of cancer specialists consider the *New York Times*'s reporting on cancer topics to be trustworthy and only 6 percent found the TV network news to be so.

Walter Williams is the John M. Olin Distinguished Professor of Economics at George Mason University in Fairfax, Virginia.

When 400 climatologists, oceanographers, and atmospheric scientists were asked whether evidence supports the "greenhouse effect" theory, 41 percent agreed compared to 66 percent of environmentalists. Similarly, 51 percent of energy scientists say nuclear power plants are safe compared to only 10 percent of environmentalists.

Environmentalists not only differ from scientists, but they are markedly different from the general public as well. Environmental activists are a narrow elite: 76 percent are male, 97 percent are white, and a third have incomes over $100,000. They are also unrepresentative of America politically. Sixty-three percent describe themselves as "liberals," compared to 18 percent of the general public. Only 6 percent are Republicans; ten times as many are Democrats.

Environmentalists support causes like race quotas, abortion on demand, and special homosexual rights at rates of 70 to 80 percent, versus 34 to 40 percent of the general public. Rothman and Licther say in summary, "Although most Americans are willing to describe themselves as environmentalists, from these data it seems clear that environmental activists do not speak for the public. . . . The perspective and background of this movement's leadership are considerably removed from those of the majority."

The authors of the study don't quite reach a conclusion that I've reached about environmental activists, whose agenda calls for confiscation of private property and control over the lives of ordinary citizens. Back in

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the 1960s and 70s America's leftists called themselves socialists and communists. They were the people who paraded around college campuses singing praises to tyrants like Mao Zedong, Ho Chi Minh, Fidel Castro, and Pol Pot. Today the communist system has been revealed as both a miserable failure and a system of unprecedented brutality. Thus communism and socialism have become embarrassments. Environmentalism is the new name for an old agenda.

Little Regard for Human Life

It is not hard to understand how radical environmentalists sympathize with tyrants who have little regard for human life. One need go no further than their own statements, such as those cited in Chris Horner's article "In Gaia We Trust," in the Competitive Enterprise Institute's *Monthly Planet* newsletter (February 2003):

- Ecologist Lamont Cole said, "To feed a starving child is to exacerbate the world population problem."
- Regarding the deaths of millions of people because of a worldwide prohibition on DDT spraying, Charles Wursta of the Environmental Defense Fund said, "This is as good a way to get rid c them as any."
- Paul Watson, founder of Greenpeac said, "I got the impression that instea of going out to shoot birds, I should g out and shoot the kids who shoc birds."

Then there are statements like these:

"While the death of young men in war i unfortunate, it is no more serious than th touching of mountains and wilderness area by humankind." —David Brower, founde of Friends of the Earth, and former executiv director of Sierra Club.

"Human happiness, and certainly humar fecundity, are not as important as a wild anc healthy planet." —David M. Graber research biologist with the National Park Service

"Human beings, as a species, have nc more value than slugs." —John Davis, editor of *Earth First Journal*

Davis also opined, "I suspect that eradicating small pox was wrong. It played an important part in balancing ecosystems."

Is it not obvious that these people have an abiding contempt for humankind? □

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED